Etex Nordic A/S

Vendersgade 74, 3., 7000 Fredericia

CVR no. 78 61 18 12

Annual report 2020

Approved at the Company's annual general meeting on 10 June 2021

Chair of the meeting:

Johan Leo ....

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Etex Nordic A/S for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting

Fredericia, 10 June 2021
Executive Board.

Susanne Ingemann
Lorentzen

Board of Directors.

Johan Leo Chairman	Michael Fenlon Vice Chairman	Susanne Ingemann Lorentzen

Independent Auditor's Report

To the Shareholders of Etex Nordic A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Etex Nordic A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Esbjerg, 10 June 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Palle H. Jensen
statsautoriseret revisor
mne32115

Management's review

Company details

Name	Etex Nordic A/S
Address, Postal code, City	Vendersgade 74, 3., 7000 Fredericia
CVR no.	78 61 18 12
Established	26 June 1985
Registered office	Fredericia
Financial year	1 January - 31 December
Website	www.etexnordic.com
E-mail	etexnordic-dk@etexgroup.com
Board of Directors	Johan Leo, Chairman Michael Fenlon, Vice Chairman Susanne Ingemann Lorentzen
Executive Board	Susanne Ingemann Lorentzen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 6700 Esbjerg
Bankers	BNP Paribas Handelsbanken

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Gross profit	31,920	36,060	79,184	86,247	57,392
Operating profit/loss	-7,051	-17,098	9,428	25,648	16,127
Net financials	-702	-663	-1,177	237	-218
Profit/loss for the year	**-4,981**	**-18,110**	**16,550**	**25,068**	**12,595**
Total assets	143,949	144,779	143,457	226,986	85,604
Investments in property, plant and equipment	780	26,222	0	104	52
Equity	68,282	73,362	91,586	74,696	48,046
Financial ratios					
Return on assets	-4.9%	-11.9%	5.1%	16.4%	18.8%
Equity ratio	47.4%	50.7%	63.8%	32.9%	56.1%
Return on equity	-7.0%	-22.0%	19.9%	40.8%	29.8%
Average number of employees	52	64	79	77	73

For terms and definitions, please see the accounting policies.

Management's review

Business review

As in previous years, the principal activities comprised marketing and distribution of construction products, primarily in fibre cement within the main groups fire-proof building boards, roofing products, cladding systems, etc. The products are sold in the Nordic countries.

Our main Commercials brands.

Exteriors

We bring aesthetically attractive and high-performing fibre cement exterior solutions to the residential, architectural and agricultural sectors.

Cedral offers beautiful solutions tailored to each personality and living space, enabling true personalisation. For roofs, facades, Cedral offers unique, attractive and high-performing products. Our fibre cement slates shelter and protect homes, our sidings bring creative visions to life.

Equitone is our global brand for architectural fibre cement facade materials. We work with and for architects to design smart and resilient materials to reduce environmental impact. Our customers are all architects whoseek new ways to build beyond accepted standards - actively influencing positive change. Equitone is specified for mid-to large size buildings.

Euronit/Ivarcem corrugated sheets offer strength and resilience, bringing good value for money to agricultural buildings, houses and industrial applications around the world.

Etex Building Performance

Promat and Masterboard are our brands for passive fire protection, high-temperature applications and intumescent seals. These products are used in applications as diverse as residential, sports and leisure, healthcare, hospitality, offices, education, bridges and tunnels

Industry

Microtherm is our global specialist in ultrathin and lightweight microporous insulation materials, used in a wide range of industrial applications. As the industry benchmark since 1961, it is designed for extreme temperature conditions and is available in various delivery forms: rigid, flexible and vacuum-insulated panels, machined parts, and mouldable and pourable products. Spanning our Industry and Building Performance divisions, Promat is our global brand for passive fire protection high temperature applications and intumescent seals. We supply a range of products worldwide, including ducting, structural protection, compartmentation, insulation and fire-stopping solutions. These products are used in applications as diverse as fire doors, fire dampers, furnaces, industrial piping, structural steel and cruise ships.

Financial review

The income statement for 2020 shows a loss of DKK 4,980,862 against a loss of DKK 18,109,589 last year, and the balance sheet at 31 December 2020 shows equity of DKK 68,282,239. Management considers the Company's financial performance in the year not satisfactory.

There have been an extra expense related to provisions for Claims.

In 2020 tax receivables have been adjusted for previous years tax corrections. Further the loss in 2019 was booked as deferred tax in the balance sheet. That have been reversed in 2020 based on the future oulook for Etex Nordic A/S

Knowledge resources

The Company's aim is to develop the highest possible competence within application and function of the Company's fibre cement products. In order to be able to utilise these competences, it is decisive that the Company is able to recruit and maintain employees with relevant backgrounds and a high level of education. It is our objective for the Company to have state-of-the-art knowledge of these product competence areas and to ensure the Company's rapid adaptability.

Management's review

Financial risks and use of financial instruments

Financial risks

The Company's purchases of raw materials, which are primarily based on fibre cement products, are expected to remain stable. Any price fluctuations can be recognised in the sales prices, and the Company's direct competitors will also experience the same changes.

Currency risks

It is Company policy to hedge commercial currency risks. No speculative currency transactions are made. The Company's activity is settled in DKK, EUR, NOK and SEK

Impact on the external environment

The environmental profile of the Company is very distinct. This applies at first to the Company'sproduct and environmental issues, but also to a high degree of the environmental issues regardingtransport, distribution and the use of the Company's products. All the Company's market resources are also subject to detailed environmental assessments. The Company has heavy environmental requirements for all suppliers in all respects. The Company'sactivities are therefore not considered to be detrimental to the environment.

Foreign branches

In the financial year under review Etex Nordic A/S had sales branches in Norway and Sweden.

Sales branches:

- Etex Norge, NUF, Oslo
- Etex Sverige, branch of Etex Nordic A/S Danmark, Malmö

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Management expects that 2021 revenue will be lower, due to that Etex Building Performance only will sell products in Denmark through Etex Nordic from 2021. Covid-19 have not significant impacted sale in Norway, Sweden and Denmark. Some internally supplier from China and Europe have been locked down because of Covid-19, while others have been running all the time. It has been possible to change some of the sale which original was supplied from locked down factories to factories that was not locked down. The locked down factories are running again.
The potential impact on the result and financial statement for 2021 will depend on duration and impact
of Covid-19, which is not known at the time for submit the financial statement.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2020	2019
	Gross profit	31,919,907	36,059,628
2	Staff costs	-30,054,460	-41,256,583
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-8,916,121	-11,900,706
	Profit/loss before net financials	-7,050,674	-17,097,661
4	Financial income	101,914	341,995
5	Financial expenses	-803,589	-1,005,105
	Profit/loss before tax	-7,752,349	-17,760,771
6	Tax for the year	2,771,487	-348,818
	Profit/loss for the year	-4,980,862	-18,109,589

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	ASSETS		
	Fixed assets		
7	**Intangible assets**		
	Acquired intangible assets	0	3,192,645
	Goodwill	0	0
		0	3,192,645
8	**Property, plant and equipment**		
	Land and buildings	15,007,794	18,555,344
	Plant and machinery	10,677	138,800
	Other fixtures and fittings, tools and equipment	1,848,202	3,171,601
	Leasehold improvements	59,920	77,040
		16,926,593	21,942,785
	Investments		
	Other receivables	580,882	687,065
		580,882	687,065
	Total fixed assets	17,507,475	25,822,495
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	16,135,965	13,698,826
		16,135,965	13,698,826
	Trade receivables	28,626,340	30,402,552
	Receivables from group entities	64,729,282	62,313,081
11	Deferred tax assets	2,556,668	5,348,146
	Income taxes	8,521,180	2,220,204
	Other receivables	2,184,762	1,907,750
9	Prepayments	778,147	526,049
		107,396,379	102,717,782
	Cash	2,909,546	2,539,426
	Total non-fixed assets	126,441,890	118,956,034
	TOTAL ASSETS	143,949,365	144,778,529

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	4,300,000	4,300,000
	Retained earnings	64,080,831	69,061,693
	Reserve for hedging transactions	-98,592	0
	Total equity	68,282,239	73,361,693
	Provisions		
	Other provisions	6,195,618	4,026,390
13	**Total provisions**	6,195,618	4,026,390
	Liabilities other than provisions		
12	**Non-current liabilities other than provisions**		
	Lease liabilities	10,752,156	15,822,986
	Other payables	857,317	813,424
		11,609,473	16,636,410
	Current liabilities other than provisions		
12	Current portion of long-term liabilities	6,310,576	5,934,023
	Bank debt	16,481,146	14,500,191
	Trade payables	6,337,201	2,956,226
	Payables to group entities	8,735,994	9,011,315
	Income taxes	64,673	0
	Other payables	19,932,445	18,352,281
		57,862,035	50,754,036
		69,471,508	67,390,446
	TOTAL EQUITY AND LIABILITIES	143,949,365	144,778,529

1 Accounting policies
15 Contractual obligations and contingencies, etc.
16 Related parties
17 Appropriation of profit/loss

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Retained earnings	Reserve for hedging transactions	Total
	Equity at 1 January 2019	4,300,000	87,286,046	0	91,586,046
17	Transfer, see "Appropriation of profit/loss"	0	-18,109,589	0	-18,109,589
	Adjustment of hedging instruments at fair value	0	-147,134	0	-147,134
	Tax on items recognised directly in equity	0	32,370	0	32,370
	Equity at 1 January 2020	4,300,000	69,061,693	0	73,361,693
	Fair value adjustment og hedging instruments, beginning of year	0	0	-611,577	-611,577
17	Transfer, see "Appropriation of profit/loss"	0	-4,980,862	0	-4,980,862
	Movement Hedging instrument at fair value	0	0	657,673	657,673
	Movement Tax on items recognised directly in equity	0	0	-144,688	-144,688
	Equity at 31 December 2020	4,300,000	64,080,831	-98,592	68,282,239

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Etex Nordic A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Etex S.A.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate from previously months closing rate. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, comprising sale of construction products, primarily in fibre cement within the main groups fire-proof building boards, roofing products, cladding systems and plaster boards, etc. is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, change in inventories of finished goods and goods for resale, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for aquired intangible assets is amortised over the expected useful life. Acquired intangible assets include customer base and IP rights.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-7 years
Goodwill	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	7 years
Plant and machinery	15 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, financial expenses relating to finance leases etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 5 years.

Other intangible assets include acquired intangible rights, including customer base and IP rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Etex Nordic recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use-assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use-assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless Etex Nordic is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are deprecated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subjects to impairment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

At the commencement date of the lease, Etex Nordic recognize lease liabilities measured at the resent value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by Etex Nordic and payments of penalties for terminating a lease, if the lease term reflects Etex Nordic exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that that trigger the payments occur.

In calculating the present value of lease payments, Etex Nordic uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readlily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Etex Nordic applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.
(C) Significant judgement in determining the lease term of contracts with renewal options. Etex Nordic determines the lease term as the non-cancellable term of the lease, together with any periods covered by an options to extend the lease if it is reasonably certain to be exercised, or any periods covered by an options to terminate the lease, if it is reasobly certain not to be exercised. Etex Nordic applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it conciders all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, Etex Nordic reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise expected expenses relating to warranty commitments. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Guarantee commitments comprise expected cost of repairs within the guarantee period and are recognised based on previous experience with work performed under guarantees.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2020	2019
2	**Staff costs**		
	Wages/salaries	26,255,844	35,282,778
	Pensions	2,495,177	2,841,223
	Other social security costs	153,373	187,170
	Other staff costs	1,150,066	2,945,412
		30,054,460	41,256,583
	Average number of full-time employees	52	64

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

3	**Amortisation/depreciation of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	3,192,645	7,182,848
	Depreciation of property, plant and equipment	5,723,476	4,717,858
		8,916,121	11,900,706
4	**Financial income**		
	Interest income, group entities	95,698	62,396
	Other interest income	3,678	278,869
	Other financial income	2,538	730
		101,914	341,995
5	**Financial expenses**		
	Interest expenses, group entities	46,869	22,005
	Other interest expenses	311,116	692,411
	Interest on leasing	418,634	290,689
	Other financial expenses	26,970	0
		803,589	1,005,105
6	**Tax for the year**		
	Estimated tax charge for the year	247,050	283,594
	Deferred tax adjustments in the year	4,687,078	-4,145,463
	Tax adjustments, prior years	-7,705,615	4,210,687
		-2,771,487	348,818

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2020	23,663,656	3,948,739	27,612,395
Cost at 31 December 2020	23,663,656	3,948,739	27,612,395
Impairment losses and amortisation at 1 January 2020	20,471,011	3,948,739	24,419,750
Amortisation/depreciation in the year	3,192,645	0	3,192,645
Impairment losses and amortisation at 31 December 2020	23,663,656	3,948,739	27,612,395
Carrying amount at 31 December 2020	0	0	0
Amortised over	3-7 years	5 years	

8 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	20,961,726	2,295,267	5,753,920	120,087	29,131,000
Additions in the year	592,145	0	1,367,642	0	1,959,787
Disposals in the year	-977,962	-126,199	-2,907,101	0	-4,011,262
Cost at 31 December 2020	20,575,909	2,169,068	4,214,461	120,087	27,079,525
Impairment losses and depreciation at 1 January 2020	2,406,382	2,156,467	2,582,319	43,047	7,188,215
Amortisation/depreciation in the year	4,139,696	128,123	1,438,536	17,120	5,723,475
Reversal of amortisation/depreciation and impairment of disposals	-977,963	-126,199	-1,654,596	0	-2,758,758
Impairment losses and depreciation at 31 December 2020	5,568,115	2,158,391	2,366,259	60,167	10,152,932
Carrying amount at 31 December 2020	15,007,794	10,677	1,848,202	59,920	16,926,593
Property, plant and equipment include finance leases with a carrying amount totalling	15,007,794	0	1,792,536	0	16,800,330
Depreciated over	7 years	15 years	3-5 years	3 years	

9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent of DKKt 513 and other prepaid expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2020	2019
10 Share capital		
Analysis of the share capital:		
86 shares of DKK 50,000.00 nominal value each	4,300,000	4,300,000
	4,300,000	4,300,000

All shares rank equally.

The Company's share capital has remained DKK 4,300,000 over the past 5 years.

11 Deferred tax

Deferred tax relates to:

	2020	2019
Intangible assets	-845,553	-1,110,045
Property, plant and equipment	3,663,205	4,739,053
Securities and investments	-257,483	0
Provisions	-1,363,036	-885,806
Liabilities	-3,753,801	-4,786,542
Tax loss	0	-3,304,806
	-2,556,668	-5,348,146

Tax Loss is not recognised in the balance sheet as the management do not expected that the tax loss can be utilized within the next three to four years. The total tax loss is 23.139 TDKK.

12 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	17,062,732	6,310,576	10,752,156	258,600
Other payables	857,317	0	857,317	0
	17,920,049	6,310,576	11,609,473	258,600

13 Provisions

Other provisions comprise provisions for warranty commitments. Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period, which is one year.

14 Derivative financial instruments

Forecast transactions

The Company uses forward exchange contracts to hedge expected currency risks in relation to sale and buy of goods.

The fair value at 31 December 2020 amount to DKK 1,365 thousand. Hereof, DKK 99 thousand is related to hedge of future cashflows and recognised in equity.

Financial statements 1 January - 31 December

Notes to the financial statements

15 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is subject to claims related to magnesium-oxide boards sold in the Nordics in 2010-2013. There is made a provision of DKKm 5,3. It is the management opinion that the rest will be covered by the insurance company.

16 Related parties

Etex Nordic A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Parent: Etermat SAS	Vernouillet, France	Participating interest
Ultimate parent: Etex S.A.	Brussels, Belguim	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Etex S.A.	Brussels, Belgium	www.etexgroup.com

Related party transactions

Etex Nordic A/S was engaged in the below related party transactions:

DKK	2020	2019
Purchase of goods	89,648,152	119,590,748
Purchase of services	1,880,796	6,815,398
Management fee, etc.	8,656,803	8,941,760
Interest income	95,698	62,469
Interest expenses	46,869	22,005
Receivables from affiliated	64,729,282	62,313,081
Payables to affiliated	8,735,993	9,011,315

17 Appropriation of profit/loss

Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-4,980,862	-18,109,589
	-4,980,862	-18,109,589