

RECTICEL
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS REPORT
PER 30 JUNE 2023

TABLE OF CONTENTS

1	INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	2
1.1	Condensed consolidated financial statements	2
1.1.1	Condensed consolidated income statement	2
1.1.2	Earnings per share	3
1.1.3	Condensed consolidated statement of comprehensive income	4
1.1.4	Condensed consolidated statement of financial position	5
1.1.5	Condensed consolidated cash flow statement.....	6
1.1.6	Condensed statement of changes in shareholders' equity	7
1.2	Notes to the condensed consolidated financial statements for the half-year ending 30 June 2023	8
1.2.1	Summary of significant accounting policies	8
1.2.2	Changes in scope of consolidation	9
1.2.3	Condensed consolidated income statement	10
1.2.4	Condensed consolidated statement of financial position	15
1.2.5	Miscellaneous	17
2	MANAGEMENT REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS..	20
3	DECLARATION BY THE RESPONSIBLE OFFICERS.....	20
4	STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023.....	21
5	GLOSSARY	22

1 Interim condensed consolidated financial statements

1.1 Condensed consolidated financial statements

The interim condensed consolidated financial statements have been authorised for issue by the Board of Directors on 30 August 2023. They have been prepared in accordance with IFRS accounting policies, details of which are given below.

1.1.1 Condensed consolidated income statement

	in thousand EUR	
	1H2022 restated ¹	1H2023
Sales	287,237	266,119
Cost of sales	(235,123)	(220,646)
Gross profit	52,114	45,473
General and administrative expenses	(14,628)	(24,104)
Sales and marketing expenses	(12,889)	(15,490)
Research and development expenses	(2,299)	(2,104)
Impairment of goodwill, intangible and tangible assets	(57)	(293)
Other operating revenues	1,233	2,470
Other operating expenses	(3,955)	(1,928)
Income from associates	0	0
Operating profit (loss)	19,519	4,024
Interest income	476	668
Interest expenses	(1,958)	(6,711)
Other financial income	4,821	2,142
Other financial expenses	(4,861)	(2,275)
Financial result	(1,521)	(6,176)
Income from other associates	(2,384)	(1,772)
Impairment other associates		(3,874)
Change in fair value of option structures	2,330	0
Result of the period before taxes	17,944	(7,798)
Income taxes	(5,007)	(3,076)
Result of the period after taxes - continuing operations	12,937	(10,874)
Result from discontinued operations	22,119	12,973
Result of the period after taxes - continuing and discontinued operations	35,056	2,100
of which share of the Group	34,618	2,209
of which non-controlling interests	438	(110)

* The accompanying notes are an integral part of this income statement.

¹ As announced in the press release of 14 June 2023, The Soundcoat Company Inc. was not part of the divestment to Carpenter Co was transferred from Discontinued Operations to Continuing Operations as of 1 January 2022. The formerly published 2022 Condensed Consolidated Income Statement, Condensed Consolidated Statement Of Comprehensive Income, Condensed Consolidated Statement Of Financial Position, Condensed Consolidated Cash Flow Statement & Condensed Statement Of Changes In Shareholders' Equity have been restated accordingly.

Trimo d.o.o. (Insulated Panels) is fully consolidated as of 1 May 2022.

Income from other associates: income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. TEMDA2 (Ascorium, formerly Automotive Interiors).

1.1.2 Earnings per share

	in EUR	
	1H2022 restated ¹	1H2023
Number of shares outstanding (including treasury shares)	56,208,420	56,230,920
Weighted average number of shares outstanding (before dilution effect)	55,714,814	55,891,564
Weighted average number of shares outstanding (after dilution effect)	56,734,281	56,775,738
Earnings per share		
Earnings per share - continuing operations	0.23	(0.19)
Earnings per shares - discontinued operations	0.40	0.23
Earnings per share of continuing and discontinued operations	0.63	0.04
Earnings per share from continuing operations		
Earnings per share from continuing operations - Basic	0.23	(0.19)
Earnings per share from continuing operations - Diluted	0.23	(0.19)
Earnings per share from discontinued operations		
Earnings per share from discontinued operations - Basic	0.40	0.23
Earnings per share from discontinued operations - Diluted	0.39	0.23
Net book value	7.43	7.78

The basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The diluted earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period, adjusted for dilutive subscription rights.

1.1.3 Condensed consolidated statement of comprehensive income

	in thousand EUR	
	1H2022 restated ¹	1H2023
Result for the period after taxes	35,056	2,100
Other comprehensive income		
Actuarial gains (losses) on employee benefits recognized in equity	2,874	(803)
Deferred taxes on actuarial gains (losses) on employee benefits	(136)	106
Currency translation differences that will not subsequently be recycled to profit and loss	10	(99)
Share in other comprehensive income in joint ventures & associates that will not subsequently be recycled to profit and loss	0	0
Items that will not subsequently be recycled to profit and loss	2,748	(796)
Hedging reserves	0	0
Currency translation differences that subsequently may be recycled to profit and loss	1,986	(980)
Foreign currency translation reserve difference recycled in the income statement	(642)	0
Deferred taxes on retained earnings	162	91
Share in other comprehensive income in joint ventures & associates that subsequently may be recycled to profit and loss	0	0
Items that subsequently may be recycled to profit and loss	1,506	(889)
Other comprehensive income net of tax	4,255	(1,684)
Total comprehensive income for the period	39,310	415
Total comprehensive income for the period	39,310	415
Total comprehensive income for the period attributable to the owners of the parent	38,872	525
Total comprehensive income for the period attributable to non-controlling interests	438	(110)
Total comprehensive income for the period attributable to the owners of the parent	38,872	525
Total comprehensive income for the period attributable to the owners of the parent - Continuing operations	29,903	(10,874)
Total comprehensive income for the period attributable to the owners of the parent - Discontinued operations	8,969	11,399

The accompanying notes are an integral part of this statement of comprehensive income.

1.1.4 Condensed consolidated statement of financial position

	in thousand EUR	
	31 DEC 2022 restated ¹	30 JUN 2023
Intangible assets	77,357	72,488
Goodwill	63,218	62,409
Property, plant & equipment	111,491	114,626
Right-of-use assets	27,742	25,664
Investment property	113	113
Investments in associates	0	0
Investments in other associates	9,520	3,874
Non-current receivables	15,477	14,947
Deferred tax assets	23,508	22,494
Non-current assets	328,426	316,616
Inventories	57,346	53,114
Trade receivables	67,716	91,183
Deferred receivable for share investments/divestment	25,286	21,200
Other receivables and other financial assets	9,754	11,707
Income tax receivables	2,332	2,830
Cash and cash equivalents	39,782	172,070
Assets classified as held for sale	544,236	7,150
Current assets	746,452	359,254
TOTAL ASSETS	1,074,878	675,870
Capital	140,521	140,577
Share premium	133,596	133,729
Share capital	274,117	274,307
Treasury shares	(1,450)	(1,450)
Other reserves	(354)	(4,416)
Retained earnings	132,461	173,229
Hedging and translation reserves	(1,752)	(900)
Elements of comprehensive income of discontinued operations	41,284	(5,188)
Equity (share of the Group)	444,305	435,582
Equity attributable to non-controlling interests	1,850	1,741
Total equity	446,155	437,322
Employee benefit liabilities	13,207	13,443
Provisions	17,992	34,257
Deferred tax liabilities	21,704	21,339
Financial liabilities	196,763	24,742
Other amounts payable	1,016	996
Non-current liabilities	250,681	94,777
Provisions	256	0
Financial liabilities	93,824	5,033
Trade payables	75,638	73,580
Current contract liabilities	7,587	11,320
Income tax payables	4,444	2,585
Deferred payables for share investments	0	0
Other amounts payable	29,964	51,253
Liabilities directly associated with assets classified as held for sale	166,329	0
Current liabilities	378,042	143,771
TOTAL EQUITY AND LIABILITIES	1,074,878	675,870

The accompanying notes are an integral part of this statement of financial position.

1.1.5 Condensed consolidated cash flow statement

		in thousand EUR	
		1H2022 restated ¹	1H2023
Operating profit (loss)		19,519	4,024
Amortisation of intangible assets		598	3,772
Depreciation of tangible assets		6,757	7,779
(Reversal) Impairment losses on tangible assets		0	293
(Write-back)/Write-offs on assets		1,020	844
Changes in provisions		(360)	(1,324)
(Gains) / Losses on disposals of intangible and tangible assets		(308)	(20)
Income from associates		0	0
Other non-cash elements		532	598
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS		27,757	15,965
Inventories		937	3,692
Trade and other receivables		(27,217)	(18,887)
Trade and other payables		11,576	17,646
Changes in working capital		(14,704)	2,451
Trade & Other long term debts maturing within 1 year		0	0
Tax credit (non-current receivables)		0	
Income taxes paid		(984)	(4,411)
Cash flow from operating activities (discontinued operations)		(12,992)	10,887
NET CASH FLOW FROM OPERATING ACTIVITIES	(a)	(924)	24,892
Interests received		646	1,270
Dividends received		33	0
Disposal of Bedding		84,520	3,000
Acquisition Trimo, net of cash acquired		(154,783)	312
Disposal of Engineered Foams		0	428,202
Increase of loans and receivables		(633)	(21)
Decrease of loans and receivables		149	0
Investments in intangible assets		(1,998)	(1,680)
Investments in property, plant and equipment		(3,122)	(7,551)
Disposals of intangible assets			395
Disposals of property, plant and equipment		7,660	180
Proceeds from affiliates and joint ventures disposals		0	0
Disposals of investments held for sale		0	0
(Increase)/Decrease of investments available for sale		0	0
Cash flow from divestment (investment) activities (discontinued operations)		(24,992)	(4,141)
NET CASH FLOW FROM DIVESTMENT (INVESTMENT) ACTIVITIES	(b)	(92,518)	419,965
Interests paid on financial debt	(c)	(1,844)	(6,462)
Interests paid on lease debt	(c)	(52)	(50)
Dividends paid		(16,229)	(17,425)
Increase (Decrease) of capital		2,121	189
Increase of financial debt		87,043	9,280
Decrease of financial debt			(313,548)
Decrease of lease debt	(d)	(2,335)	(3,036)
Cash flow from financing activities (discontinued operations)		(4,453)	(6,645)
NET CASH FLOW FROM FINANCING ACTIVITIES	(e)	64,251	(337,696)
Effect of exchange rate changes	(f)	(1,739)	(132)
Effect of exchange rate changes (discontinued operations)	(f)	1,358	(172)
CHANGES IN CASH AND CASH EQUIVALENTS	(a)+(b)+(e)+(f)	(29,572)	106,857
NET FREE CASH FLOW	(a)+(b)+(c)+(d)	(97,672)	435,310

	in thousand EUR	
	1H2022	1H2023
Net cash position opening balance (continuing operations)	84,055	39,782
Net cash position opening balance (discontinued operations)	41,664	25,431
Net cash position opening balance	(g) 125,719	65,213
Net cash position closing balance (continuing operations)	66,845	172,070
Net cash position closing balance (discontinued operations)	29,302	
Net cash position closing balance	(h) 96,147	172,070
CHANGES IN CASH AND CASH EQUIVALENTS	(h) - (g) (29,572)	106,857

The accompanying notes are an integral part of this cash flow statement.

1.1.6 Condensed statement of changes in shareholders' equity

For the year ending 30 June 2023

	in thousand EUR										
2023	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences and hedging reserves	Continuing operations	Discontinued operations	Total shareholders' equity	Non-controlling interests	Total equity
Equity at the beginning of the period	140,521	133,596	(1,450)	(354)	132,461	(1,752)	403,022	41,283	444,305	1,850	446,155
Restatement IFRS 16	0	0	0	0	0	0			0	0	0
Dividends	0	0	0	0	(17,425)	0	(17,425)	0	(17,425)		(17,425)
Stock options (IFRS 2)	0	0	0	598	0	0	598	0	598		598
Capital movements	56	133	0	0	0	0	189	0	189		189
Shareholders' movements	56	133	0	598	(17,425)	0	(16,638)	0	(16,638)	0	(16,638)
Profit or loss of the period	0	0	0	0	(10,763)	0	(10,763)	12,973	2,210	(110)	2,100
Other comprehensive income	0	0	0	(1,011)	48	852	(111)	(1,574)	(1,685)	0	(1,685)
Total comprehensive income	0	0	0	(1,011)	(10,715)	852	(10,874)	11,399	525	(110)	415
Changes in scope	0	0	0	(3,646)	68,908	0	65,262	(57,870)	7,392	0	7,392
Equity at the end of the period	140,577	133,729	(1,450)	(4,413)	173,229	(900)	440,772	(5,188)	435,584	1,740	437,324

* Other reserves, retained earnings, translation differences and hedging reserves have been restated between continued and discontinued due to the restatement linked to The Soundcoat Company Inc.

The item "Changes in scope" of Discontinued operations relate to the divestment of the Recticel Engineered Foams activities.

For the year ending 30 June 2022

in thousand EUR

2022	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences and hedging reserves	Continuing operations	Discontinued operations	Total shareholders' equity	Non-controlling interests	Total equity
Equity at the beginning of the period	139,909	132,087	(1,450)	(3,697)	113,697	(8,372)	372,173	17,609	389,782	1,524	391,306
Restatement IFRS 16	0	0	0	0	0	0	0	(1,906)	(1,906)	0	(1,906)
Dividends	0	0	0	0	(16,229)	0	(16,229)	0	(16,229)	0	(16,229)
Stock options (IFRS 2)	0	0	0	532	0	0	532	0	532	0	532
Capital movements ¹	613	1,509	0	0	0	0	2,121	0	2,121	0	2,121
Shareholders' movements	613	1,509	0	532	(16,229)	0	(13,576)	0	(13,576)	0	(13,576)
Profit or loss of the period	0	0	0	0	12,041	0	12,041	22,578	34,618	438	35,057
Other comprehensive income	0	0	0	172	168	152	491	4,367	6,764	0	6,764
Total comprehensive income	0	0	0	172	12,209	152	12,532	26,945	41,383	438	41,821
Changes in scope	0	0	0	(0)	25,698	106	25,803	(25,803)	0	0	0
Equity at the end of the period	140,521	133,596	(1,450)	(2,994)	135,374	(8,115)	396,933	16,845	415,683	1,962	417,646

* Other reserves, retained earnings, translation differences and hedging reserves have been restated between continued and discontinued due to the application of IFRS5 for the Recticel Engineered Foams activities

The item "Changes in scope" of Discontinued operations relate to the divestment of the Bedding activities.

1.2 Notes to the condensed consolidated financial statements for the half-year ending 30 June 2023

1.2.1 Summary of significant accounting policies

1.2.1.1 Statement of compliance - basis of preparation

Recticel NV/SA (the "Company") is a public limited liability company incorporated in Belgium and listed on Euronext Brussels. The Company's consolidated financial statements include the financial statements of the Company, its subsidiaries, interests in jointly controlled entities (joint ventures) and in associates, both accounted for under the equity method (together referred to as "the Group").

These interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the European Union. They do not include all information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2022.

These interim condensed consolidated financial statements have been authorised for issue by the Board of Directors on 30 August 2023.

The accounting standards applied in the interim condensed consolidated financial statements for the period ended 30 June 2023 are consistent with those used to prepare the consolidated financial statements for the year ended 31 December 2022. No changes in accounting policies.

1.2.1.2 IFRS standards issued but not yet effective

There are no IFRS standards issued but not yet effective which are expected to have a material impact on Recticel's financials.

1.2.1.3 Major sources of estimation uncertainty and key judgments

The assessments and estimates made for the period ended 30 June 2023 are similar to the ones applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022. There are no new principal sources of uncertainty than those exposed in the Group's consolidated financial statements as at and for the year ended 31 December 2022, except for the provision on indemnities as part of the divestment of the engineered foams activities further disclosed in note 1.2.3.3.

Impairments on goodwill, intangible assets and property, plant and equipment and right-of-use assets

At 30 June 2023 no triggers for an impairment analysis were identified.

1.2.2 Changes in scope of consolidation

The following changes in the scope of consolidation took place **during the first half-year 2023**:

On 12 June 2023 disposal of the Recticel Engineered Foams activities to US-based Carpenter Co. (cfr 1.2.3.3 Discontinued operations).

The disposed Recticel Engineered Foams companies are :

- FoamPartner Americas Inc
- FoamPartner Holding AG
- FoamPartner Polyurethane Materials (Changzhou) Co., Ltd.
- FoamPartner Singapore Pte. Ltd
- FoamPartner Trading (Shanghai) Ltd
- Recticel AB
- Recticel AS
- Recticel Engineered Foams Belgium n.v.
- Recticel Engineered Foams GmbH
- Recticel Engineered Foams Netherlands B.V.
- Recticel Engineered Foams Switzerland AG
- Recticel Engineered Foams Corby
- Recticel Foams (Shanghai) Co Ltd
- Recticel Iberica s.l.
- Recticel India Private Limited
- Recticel Limited
- Recticel Maroc s.à.r.l.a.u.
- Recticel ou
- Recticel oy
- Recticel s.a.s.
- Recticel Teknik Sünger İzolasyon Sanayi ve Ticaret a.s.

1.2.3 Condensed consolidated income statement

1.2.3.1 Other operating revenues and expenses

	in thousand EUR	
	1H2022 restated ¹	1H2023
Other operating revenues	1,233	2,470
Other operating expenses	(3,955)	(1,928)
TOTAL	(2,722)	542
Restructuring charges (including site closure, onerous contracts and clean-up costs)	(1,139)	(1,200)
Gain (Loss) on disposal of intangible, tangible and right-of-use assets	310	20
Gain (Loss) on investment operations	0	10
Revaluation investment property	0	
IAS 19 Pensions and other similar obligations	(319)	16
Provisions	(209)	78
Fees consultancy and subcontractors	(1,204)	(258)
Other expenses	(541)	(1,874)
Other revenues	379	3,750
TOTAL	(2,723)	542

1.2.3.2 Financial result

	in thousand EUR	
	1H2022 restated ¹	1H2023
Interest on lease liabilities	(215)	(258)
Interest on long-term bank loans	(1,223)	(3,398)
Interest on short-term bank loans & overdraft	(332)	(3,031)
Net interest charges on Interest Rate Swaps and Foreign Currency Swaps	237	22
Total borrowing cost	(1,533)	(6,664)
Interest income from bank deposits	1	105
Interest income from financial receivables	230	540
Interest income from financial receivables and cash	230	645
Interest charges on other debts	(30)	(31)
Interest income on other receivables	0	4
Total other interest	(30)	(27)
Interest income and expenses	(1,333)	(6,046)
Exchange rate differences	(223)	1
Net interest cost IAS 19	(2)	(228)
Other financial result	36	97
Total other financial result	(189)	(130)
FINANCIAL RESULT	(1,521)	(6,176)

Interest on long and short-term bank loans have increased due to the increase in short term financial debt linked to the acquisition of Trimo and following the trend of increasing variable market interest rates.

1.2.3.3 Discontinued operations

For the period ending 30 June 2023

Result from discontinued operations: from € 22.1 million¹ in 1H2022 to € 13.0 million in 1H2023.

The result from discontinued operations mainly represents:

- (i) the result until 12 June 2023 of the Engineered Foams activities sold to Carpenter Co. (€-0.5 million);
- (ii) the net capital gain on the disposal of the Engineered Foams activities sold to Carpenter Co. amounting to €+12.3 million and composed of the following items:

- gain on the divestment of Engineered Foams: €+30,9 million (including € 24.6 million provisions on transactions related tax exposures and indemnities (incl. Orsa Foam indemnity)
 - direct attributable transaction costs: €-4,7 million;
 - cumulative translation adjustment release in the income statement: €-7,5 million;
 - positive result HY 1 Orsa Foam (€+0,5 million) + impairment (€-6,9 million)
- (iii) the result of the Aquinos closing account settlement (including the release of the closing accounts provision (€+1.2 million).

The total result (restated) of discontinued operations in 1H2022 was composed of:

- (i) the result of the period of the Engineered Foams activities which were sold to the Carpenter Co. (€ +4.6 million);
- (ii) the result of the first three months of 2022 of the Bedding activities (€ +1.1 million);
- (iii) the net capital gain on the disposal of the Bedding activities sold to Aquinos Group (€ +17.9 million, including € 5.0 million of provisions for indemnities);
- (iv) the impact of the restatement linked to the transfer from Discontinued Operations to Continuing Operations of The Soundcoat Company Inc. (€ -1.4 million); and
- (v) the result of the settlements related to the divestment of the Ascorium activities (€ -0.1 million).

- *Recticel Engineered Foams (REF)*

Recticel signed a binding agreement (see press release dd. 07 December 2021) to sell its Engineered Foams activities to US-based Carpenter Co., subject to customary closing conditions, including anti-trust clearance. Carpenter and Recticel received such clearance from the UK Competition & Markets Authority (CMA) on 12 April 2023, and have subsequently signed the divestment of the two UK Comfort foam facilities (remedies meeting CMA requirements) to GIL Investments Ltd. on 17 April 2023 (see press release dd. 28 April 2023). All conditions precedent being met, Carpenter Co. and Recticel could progress to closing the main transaction.

On 12 June 2023, following subsequent discussions and negotiations, the transaction was closed with the perimeter was amended as follows:

- Retention of The Soundcoat Company Inc. providing acoustic and thermal insulation
- Retention of the 33% participation in Orsa Foam S.p.A. providing flexible foam products in Southern Europe.

The enterprise value has been revised to EUR 454.1 million

The result on the transaction discontinued operations Recticel Engineered Foams activiteiten incl. Orsa Foam amounts to EUR 11.789 million:

	in thousand EUR
	Recticel Engineered Foams
Net assets as of 31 May 2023	404,631
Result 1 June until 12 June	100
Total net assets	404,731
Purchase consideration	450,000
Net debt/cash as of 31 May 2023	2,400
Working capital adjustment 31 May 2023 (incl. corrections)	4,700
Equity ticker until 12 June 2023	680
Expected tax receivable collection	2,957
Equity value (b)	460,738
Gain on divestment (b) - (a)	56,007
Directly attributable transaction costs	(4,722)
Release of currency translation costs	(7,500)
Result of 1 January until 12 June excl. Orsa Foam	(547)
Gain on divestment incl. related costs/results	43,238

Provision indemnities	(14,000)
Provision transactional related tax exposures	(6,572)
Provision lease guarantee indemnity UK	(1,750)
Provision Closing Accounts	0
TOTAL net result discontinued operations REF excl. Orsa Foam	20,916
Equity investee value Orsa Foam as of 31 December 2022	13,491
Results HY 1 2023	540
Impairment	(6,881)
Equity investee value Orsa Foam as of 30 June 2023	7,150
Provision agency contract termination	(2,250)
Total result discontinued operations Orsa Foam	(8,591)
TOTAL net result discontinued operations REF incl. Orsa Foam	12,325

The following remarks need to be taken into account in relation to the result on the transaction:

- The gain on the divestment of the Engineered Foams activities is subject to final agreement and settlement of the Completion Accounts with Carpenter.
- As is customary in M&A transactions, and as published in December 2021, the SPA agreement related to the sale of Engineered Foams to Carpenter provides for representations and warranties and specific indemnities relating to the period before closing and for which Recticel would remain liable. The liability with regard to the representation and warranties are covered by W&I insurance, but the specific indemnities remain a potential risk for Recticel. This liability is capped at 15% of the total enterprise value, or € 67.5 million. Recticel has evaluated the risks in this regard, which relate mainly to HSE risks, and has provisioned an amount of € 14 million to cover this potential risk.
- Recticel has an outstanding (net) payable on Carpenter of EUR 8,3 million, to be paid subject to final agreement on the completion accounts.

The results of these Recticel Engineered Foams activities are composed as follows:

Profit and loss account	in thousand EUR	
	Recticel Engineered Foams	
	1H2022	1H2023
	(6 months)	(5 months)
Sales	325,490	258,638
Cost of sales	(270,363)	(215,596)
Gross profit (loss)	55,127	43,042
General and administrative expenses	(22,203)	(17,415)
Sales and marketing expenses	(13,171)	(10,233)
Research and development expenses	(2,775)	(3,986)
Impairment of goodwill, intangible and tangible assets	0	0
Other operating revenues	795	292
Other operating expenses	(9,243)	(5,048)
Income from other associates	0	0
Operating profit (loss)	8,530	6,652
Financial result	(926)	(2,218)
Result of the period before taxes	7,604	4,434
Income taxes	(5,425)	(4,989)
Net result of the period	2,179	(555)

The net assets of Recticel Engineered Foams as per 31 May 2023 were as follows:

Assets and liabilities	in thousand EUR
	Recticel Engineered Foams
Goodwill	9,984
Intangible assets	24,922
Property, plant and equipment	254,180
Right-of-use assets	28,434
Investment property	0
Investment in joint ventures and associates	0
Other financial assets	2,645
Non-current contract assets	0
Deferred tax assets	21,143
Prepaid for defined benefit plans	0
Non-current assets	341,308
Inventories	75,792
Trade receivables	92,433
Current contract assets	0
Other receivables and other financial assets	27,560
Income tax receivables	4,323
Other investments	0
Cash and cash equivalents	25,376
Current assets	225,484
TOTAL ASSETS OVER WHICH CONTROL WILL BE LOST	566,792
Pensions and similar obligations	15,866
Provisions	7,672
Deferred tax liabilities	26,357
Financial liabilities	14,145
Non-current contract liabilities	0
Other amounts payable	32
Non-current liabilities	64,072
Pensions and similar obligations	0
Provisions	469
Financial liabilities	4,691
Trade payables	34,490
Current contract liabilities	2,415
Income tax payables	3,422
Other amounts payable	52,601
Current liabilities	98,089
TOTAL LIABILITIES OVER WHICH CONTROL WILL BE LOST	162,161
NET ASSETS TO BE DISPOSED OF	404,632

The cash flow statement of the discontinued operations is as follows:

Cash flows	in thousand EUR	
	Recticel Engineered Foams	
	1H2022	1H2023
	(6 months)	(5 months)
Net cash flow from operating activities relating to discontinued operations	(9,851)	10,887
Net cash flow from divestment/(investment) activities relating to discontinued operations	(24,246)	(4,141)
Net cash flow from financing activities relating to discontinued operations	(4,234)	(6,645)
Effect of exchange rate differences	1,318	(172)
Total cash flow from discontinued operations	(37,014)	(72)

- *Bedding*

On 31 March 2022, the Group has completed the divestment of its Bedding division to Aquinos Industry SA resulting in outstanding receivable on 31/12/2022 from Recticel on Aquinos Industry SA of EUR 25.2 million of which EUR 22.2 million related to the closing accounts.

On 09 June 2023 both parties reached a settlement agreement on the closing accounts resulting in a decrease of Recticel's outstanding receivable with EUR 1.1 million to EUR 21.2 million. Consequently the closing account provision of EUR 2.4 was released resulting in a gain of EUR 1.3 million.

1.2.3.4 Dividends

The Board of Directors' proposal to distribute a gross dividend of EUR 0.31 per share or EUR 17.4 million for the year 2022, was approved by the shareholders at the Annual General Meeting of 30 May 2023. The payment of this dividend took place on 07 June 2023, and is thus reflected in the financial statements for the first half-year of 2023.

1.2.4 Condensed consolidated statement of financial position

1.2.4.1 Goodwill

	in thousand EUR
	Goodwill
At the end of the period	
Gross book value	79,366
Accumulated amortisation	(16,148)
Net book value at the end of the preceding period	63,218
Movements during the period	
Disposals	(809)
Exchange rate differences	(0)
At the end of the current period	62,409
Gross book value	77,283
Accumulated amortisation	(14,873)
Net book value at the end of the period	62,409

At 30 June 2023 no triggers for an impairment analysis were identified.

1.2.4.2 Financial liabilities

Financial liabilities carried at amortised cost include mainly interest-bearing borrowings:

	in thousand EUR			
	NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	31 DEC 2022	30 JUN 2023	31 DEC 2022	30 JUN 2023
Secured				
Lease liabilities	15,132	14,723	3,844	1,886
Bank loans	181,631	10,019	949	974
Total secured	196,763	24,742	4,793	2,860
Unsecured				
Other loans	0	(0)	0	0
Current bank loans	0	0	75,000	0
Commercial paper	0	0	11,948	0
Bank overdrafts	0	0	1,038	185
Other financial liabilities	0	0	1,045	1,987
Total unsecured	0	(0)	89,031	2,172
Total liabilities carried at amortised cost	196,763	24,742	93,824	5,033

Gross financial debt: interest-bearing borrowings, including continuing involvement of off-balance sheet non-recourse factoring programs

	in thousand EUR	
	31 DEC 2022	30 JUN 2023
Drawn amounts under the various available interest-bearing borrowing facilities		
Outstanding amounts under syndicated credit facility	170,638	(0)
Outstanding amounts under lease liabilities	15,132	14,723
Outstanding amounts under other non-current loans	10,993	10,019
Outstanding amounts under non-current gross interest-bearing borrowing facilities (a)	196,763	24,742
Outstanding amounts under bank overdrafts	1,038	185
Outstanding amounts under current bank loans	949	974
Outstanding amounts under lease liabilities	3,844	1,886
Outstanding amounts under factoring programs - retention amount		
Outstanding amounts under commercial paper programs ¹	11,948	0
Outstanding amounts under other current loans	75,000	0
Outstanding amounts under other financial liabilities	1,045	1,987
Outstanding amounts under current gross interest-bearing borrowing facilities (b)	93,824	5,033
Total outstanding amounts under gross interest-bearing borrowings (c)=(a)+(b)	290,587	29,774
Outstanding amounts under non-recourse factoring programs (d)	13,237	18
Total outstanding amounts under gross interest-bearing borrowings and factoring programs (e)=(c)+(d)	303,824	29,792
Weighted average lifetime of non-current interest-bearing borrowings (in years)	1.32	4.57
Weighted average interest rate of gross financial debt at fixed interest rate	2.14%	2.14%
Interest rate range of gross financial debt at fixed interest rate	1.46% - 2.62%	1.46% - 2.62%
Weighted average interest rate of gross financial debt at variable interest rate	3.51%	5.28%
Interest rate range of gross financial debt at variable interest rate	2.55% - 3.85%	4.95% - 5.28%
Weighted average interest rate of total gross financial debt	3.42%	2.44%
Percentage of gross financial debt at fixed interest rate	10.0%	90.1%
Percentage of gross financial debt at variable interest rate	90.0%	9.9%

⁽¹⁾The amount drawn under the commercial paper program is to be covered at any time by the undrawn amount under the syndicated credit facility. Therefore the reported unused amount under the EUR 100 million revolving syndicated credit facility is after deduction of the issued amounts under the commercial paper program.

The majority of the Group's financial debt is centrally contracted and managed through Recticel International Services n.v./s.a., which acts as the Group's internal bank.

(i) Lease liabilities

Lease liabilities comprise (i) following the application of IFRS 16, the leases for property, plant and equipment, furniture and vehicles, and (ii) leases formerly classified as 'finance leases'.

Lease liabilities comprise leases formerly classified as 'finance leases'.

These finance leases consist mainly of three leases:

- the lease financing of the Insulation plant in Bourges (France), with an outstanding amount of EUR 1.9 million as of 30 June 2023 and is at floating rate, hedged by interest rate swap;
- the lease financing buildings in Slovenia, with an outstanding amount of EUR 0.8 million as of 30 June 2023 and is at a fixed rate;
- the additional lease to finance the extension of the Insulation plant in Wevelgem (Belgium) in 2017, with an outstanding amount of EUR 5.9 million as of 30 June 2023 and is at a fixed rate.

(ii) Bank loans – “syndicated credit facility”

With the proceeds from the divestment of Recticel Engineered foams to Carpenter syndicated credit facility was repaid. Recticel maintains the EUR 100 million syndicated revolving credit facility maturing in February 2024.

The facility has a 3-year tenor with two 1-year extension options and have been arranged and underwritten by KBC Bank. The participating banks are Belfius Bank, BNP Paribas Fortis, Commerzbank and LCL.

(iii) Other bank loans

In 2018, Recticel concluded a secured fixed rate bilateral bank loan of EUR 15.5 million for the financing of the new greenfield Insulation plant in Finland. The tenor of this amortising bank loan is 15 years, with maturity in March 2033. The outstanding amount at 30 June 2023 is EUR 11.0 million.

(iv) Other Current loans

With the proceeds from the divestment of Recticel Engineered foams to Carpenter all other current loans were repaid.

(iv) Commercial paper program

With the proceeds from the divestment of Recticel Engineered foams to Carpenter all commercial paper was repaid.

The following table presents the unused credit facilities available to the Group:

	in thousand EUR	
	31 DEC 2022	30 JUN 2023
Unused amounts under non-current financing facilities		
Undrawn available commitments under the club deal facility ¹	63,000	100,000
Total available under non-current facilities	63,000	100,000
Unused amounts under current financing facilities		
Undrawn under current on-balance facilities	24,100	22,000
Undrawn under off-balance factoring programs	11,763	35,000
Total available under current facilities	35,863	57,000
Total unused amounts under financing facilities	98,863	157,000

¹ The amount drawn under the commercial paper program is to be covered at any time by the undrawn amount under the syndicated credit facility..

1.2.5 Miscellaneous

1.2.5.1 Off-balance sheet items

Recticel NV/SA, or some of its subsidiaries have provided various parental corporate guarantees and comfort letters for commercial and/or financial commitments towards third parties.

	in thousand EUR	
	31 DEC 2022	30 JUN 2023
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	89,555	87,415

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 25.5 million), lessors (EUR 13.0 million), governmental institutions (EUR 2 million), other third parties (EUR 3.2 million) and bank guarantees related to the divestment of Recticel Engineered Foams to Carpenter Co. (EUR 46.7 million).

The amount of expected credit losses on external guarantees is assessed at each reporting date to reflect changes in credit risk since the guarantee was granted. When determining whether the credit risk of a guarantee has increased significantly since the issuance and when estimating expected credit losses, Recticel considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

1.2.5.2 Issue of new edition of the stock option plan

Following the decision of the Board of Directors of 27 February 2023 and 27 June 2023, a new edition of the stock option plan was launched in favour of leading staff members of the Group. In total of 350,000 options were attributed with an exercise price of EUR 10.80. The exercise period runs -after a vesting period of three years-, from 1 January 2027 till 29 June 2030. Fair value of this option serie amounts to EUR 1.28 million.

270,000 out of the 350,000 were allocated to the current members of the Management Committee.

1.2.5.3 Related party transactions

There are no material new related party transactions compared to those mentioned in the interim report 2023.

1.2.5.4 Contingent assets and liabilities

a) Wetteren (Belgium)

Reference is made to the 2022 Annual Report, with no material subsequent changes.

b) Litigations

Reference is made to the 2022 Annual Report, with no material subsequent changes.

1.2.5.5 Post-Balance Sheet date events

Following the closing of the sale of Engineered Foams to Carpenter, Recticel has now reached an agreement in principle to divest its 33% participation in Italian foam company Orsa Foam srl to its joint venture partner Orsa srl. The purchase price amounts to € 7.15 million and will be paid in instalments with the last payment due in December 2025. The deal is expected to close by the end of the third quarter of 2023.

1.2.5.6 Reconciliation table of Alternative Performance Measures

The Group uses and publishes several Alternative Performance Measures ("APM") to provide additional valuable insight to financial analysts and investors. APMs are related to the standards used by management to monitor and measure financial performance.

The overview tables below summarise the reconciliation of these APMs in respectively the income statement and the statement of financial position of the continuing operations.

	in thousand EUR	
	1H2022 restated ¹	1H2023
Income statement		
Sales	287,237	266,119
Gross profit	52,114	45,473
EBITDA	27,143	15,867
Operating profit (loss)	19,519	4,024
Operating profit (loss)	19,519	4,024
Amortisation of intangible assets	598	3,772
Depreciation of tangible assets	6,978	7,779
Amortisation deferred charges long term	(9)	0
Impairments on goodwill, intangible and tangible fixed assets	57	293
EBITDA	27,142	15,867
EBITDA	27,142	15,867
Restructuring charges	1,180	1,200
Other	3,386	1,146
Adjusted EBITDA	31,708	18,214
Operating profit (loss)	19,519	4,024
Restructuring charges	1,180	1,200
Other	3,386	1,146
Impairments	57	293
Adjusted Operating Profit (Loss)	24,141	6,663
Total net financial debt		
	31 DEC 2022 restated¹	30 JUN 2023
Non-current financial liabilities	196,763	24,742
Current financial liabilities	93,824	5,033
Cash	(39,782)	(172,070)
Other financial assets	(806)	(1)
Net financial debt on statement of financial position	249,999	(142,297)
Factoring programs	13,237	18
Total net financial debt	263,236	(142,278)
Gearing ratio (Net financial debt / Total equity)		
Total equity	446,155	437,322
Net financial debt on statement of financial position / Total equity	56.0%	N/A
Total net financial debt / Total equity	59.0%	N/A
Leverage ratio (Net financial debt / EBITDA)		
Net financial debt on statement of financial position / EBITDA	2.2	N/A
Total net financial debt / EBITDA	2.3	N/A
Net working capital		
Inventories and contracts in progress	57,346	53,114
Trade receivables	67,716	91,183
Other receivables	35,040	32,908
Income tax receivables	2,332	2,830
Trade payables	(75,638)	(73,580)
Current contract liabilities	(7,587)	(11,320)
Income tax payables	(4,444)	(2,585)
Other amounts payable	(29,964)	(51,253)
Net working capital	44,800	41,296
Current ratio (= Current assets / Current liabilities)		
Current assets	746,452	359,254
Current liabilities	378,042	143,771
Current ratio (factor)	2.0	2.5

2 Management report on the interim condensed consolidated financial statements

For the comment of the management report, reference is made to the press release of 31 August 2023.

3 Declaration by the responsible officers

We hereby certify that, to the best of our knowledge, the interim condensed consolidated financial information, for the period ended on 30 June 2023, prepared in accordance with the IAS 34 “Interim Financial Reporting”, as adopted by the European Union, and with legal requirements applicable in Belgium, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole for the period ended 30 June 2023. The commentary on the overall performance of the Group included in the press release from page 1 to 6 includes a fair review of the development and performance of the business and the position of the Group and its undertakings included in the consolidation as a whole.

Mr Johnny Thijs (Chairman of the Board of Directors)

Mr Olivier Chapelle (Chief Executive Officer)

Mr Dirk Verbruggen (Chief Financial Officer)

4 STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements, consisting of the condensed consolidated statement of financial position of Recticel NV/SA and its subsidiaries (jointly "the Group") as of June 30, 2023 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed statement of changes in shareholders' equity and the condensed consolidated cash flow statement for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Diegem, 30 August 2023

The statutory auditor
PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL
Represented by

Marc Daelman
Bedrijfsrevisor/Réviseur d'entreprises

5 GLOSSARY

IFRS MEASURES

Consolidated (data): financial data following the application of IFRS 11, whereby joint ventures and associates are integrated on the basis of the equity method.

ALTERNATIVE PERFORMANCE MEASURES

In addition, the Group uses alternative performance measures (Alternative Performance Measures or "APM") to express its underlying performance and to help the reader to better understand the results. APM are not defined performance indicators by IFRS. The Group does not present APM as an alternative to financial measures determined in accordance with IFRS and does not give more emphasis to APM than the defined IFRS financial measures.

Adjusted EBITDA: EBITDA before Adjustments (to Operating Profit).

Adjusted operating profit (loss): Operating profit (loss) + adjustments to operating profit (loss).

Adjustments to Operating profit (loss) include operating revenues, expenses and provisions that pertain to restructuring programmes (redundancy payments, closure & clean-up costs, relocation costs,...), reorganisation charges and onerous contracts, impairments on assets ((in)tangible assets and goodwill), revaluation gains or losses on investment property, gains or losses on divestments of non-operational investment property, and on the liquidation of investments in affiliated companies, revenues or charges due to important (inter)national legal issues and costs of advisory fees incurred in relation to acquisitions or business combination projects, costs of advisory fees incurred in relation to acquisitions, divestments or business combination projects, including fees incurred in connection with their financing and reversals of inventory step up values resulting from purchase price allocations under IFRS 3 Business Combinations.

Current ratio: Current assets / Current liabilities.

EBITDA: Operating profit (loss) + depreciation, amortisation and impairment on assets; all of continued activities.

Gearing: Net financial debt / Total equity.

Income from associates: Income considered as being part of the Group's core business are integrated in Operating profit (loss).

Income from other associates: Income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss).

Leverage: Net financial debt / EBITDA (last 12 months).

Margin: EBITDA margin, Adjusted EBITDA margin, Operating Profit (loss) margin and Adjusted operating profit (loss) margin are expressed as a % on Sales

Net free cash-flow: Sum of the (i) Net cash flow after tax from operating activities, (ii) the Net cash flow from investing activities, (iii) the Interest paid on financial liabilities and (iv) reimbursement of lease liabilities; as shown in the consolidated cash flow statement.

Net financial debt: Interest bearing financial liabilities and lease liabilities at more than one year + interest bearing financial liabilities and lease liabilities within maximum one year + accrued interests – cash and cash equivalents + Net marked-to-market value position of hedging derivative instruments. The interest-bearing borrowings do not include the drawn amounts under non-recourse factoring/forfeiting programs.

Net working capital: Inventories and contracts in progress + Trade receivables + Other receivables + Income tax receivables – Trade payables – Income tax payables – Other amounts payable

Operating profit (loss): Profit before income from other associates, fair value adjustments of option structures, earnings of discontinued activities, interests and taxes. Operating profit (loss) comprises income from associates of continued activities.

Total net financial debt: Net financial debt + the drawn amounts under off-balance sheet non-recourse factoring programs.