
RECTICEL
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PER 30 JUNE 2021

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I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been authorised for issue by the Board of Directors on 26 August 2021.

I.1. CONDENSED CONSOLIDATED INCOME STATEMENT

Group Recticel in thousand EUR	Notes *	1H2021	1H2020
Sales	1.7.6.	596 162	374 262
Distribution costs		(31 951)	(25 620)
Cost of sales		(454 808)	(283 299)
Gross profit		109 403	65 343
General and administrative expenses		(37 704)	(28 589)
Sales and marketing expenses		(34 571)	(29 881)
Research and development expenses		(4 940)	(4 901)
Impairment of goodwill, intangible and tangible assets		0	(2 083)
Other operating revenues	1.7.7.1	2 755	3 640
Other operating expenses	1.7.7.1	(11 917)	(6 834)
Income from associates ²		547	420
Operating profit (loss)	1.7.6.	23 573	(2 885)
Interest income		306	589
Interest expenses		(3 191)	(2 330)
Other financial income		3 223	3 568
Other financial expenses		(2 147)	(4 378)
Financial result	1.7.7.2.	(1 809)	(2 551)
Income from other associates ²		572	(2 954)
Change in fair value of option structures		(4 865)	1 702
Result of the period before taxes		17 471	(6 688)
Income taxes		9 485	(2 045)
Result of the period after taxes - continuing operations		26 956	(8 733)
Result from discontinued operations	1.7.7.4.	1 287	68 812
Result of the period after taxes - continuing and discontinued operations		28 243	60 079
of which non-controlling interests		289	(31)
of which share of the Group		27 954	60 110

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

¹ Following the partial divestment from Automotive Interiors on 30 June 2020 (see press release of 01 July 2020), Automotive Interiors is integrated in the consolidated accounts according to the 'equity method'.

To facilitate comparisons and understanding of the Group's underlying performance, all comments in this document on developments in revenue or results are made on a like-for-like basis unless otherwise indicated.

² Income from associates = income from associates considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam

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. Proseat and TEMDA2 (formerly Automotive Interiors)

I.2. EARNINGS PER SHARE

in EUR	1H2021	1H2020
Number of shares outstanding (including treasury shares)	55 893 420	55 397 439
Weighted average number of shares outstanding (before dilution effect)	55 461 573	54 959 861
Weighted average number of shares outstanding (after dilution effect)	56 162 796	55 154 501
Earnings per share - continuing operations	0.49	(0.16)
Earnings per shares - discontinued operations	0.02	1.25
Earnings per share of continuing and discontinued operations	0.51	1.09
Earnings per share from continuing operations		
Basic	0.49	(0.16)
Diluted	0.48	(0.16)
Earnings per share from discontinued operations		
Basic	0.02	1.25
Diluted	0.02	1.25
Net book value	6.35	5.98

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, increased for the warrants in-the-money.

I.3. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group Recticel in thousand EUR	1H2021	1H2020
Result for the period after taxes	28 243	60 080
Other comprehensive income		
<i>Items that will not subsequently be recycled to profit and loss</i>		
Actuarial gains (losses) on employee benefits recognized in equity	3 819	2 100
Deferred taxes on actuarial gains (losses) on employee benefits	(457)	(452)
Currency translation differences	(132)	195
Joint ventures & associates	0	(246)
Total	3 230	1 597
<i>Items that subsequently may be recycled to profit and loss</i>		
Hedging reserves	29	0
Currency translation differences	2 913	(13 816)
Foreign currency translation reserve difference recycled in the income statement	0	18 345
Deferred taxes on retained earnings	288	(1)
Joint ventures & associates	0	2 003
Total	3 230	6 532
Other comprehensive income net of tax	6 460	8 129
Total comprehensive income for the period	34 703	68 209
Total comprehensive income for the period	34 703	68 209
of which attributable to the owners of the parent	34 414	68 239
of which attributable to non-controlling interests	289	(31)

I.4. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in thousand EUR

Group Recticel	Notes*	30 JUN 2021	31 DEC 2020
Intangible assets		44 070	14 806
Goodwill	1.7.8.1.	34 578	24 139
Property, plant & equipment		327 525	173 000
Right-of-use assets		84 178	75 377
Investment property		5 331	3 331
Investments in associates		12 885	12 351
Investments in other associates		11 731	11 030
Non-current receivables		21 463	25 760
Deferred tax assets		37 909	25 298
Prepaid for defined benefit plans		1 897	0
Non-current assets		581 567	365 092
Inventories		152 330	90 833
Trade receivables		168 426	102 726
Other receivables and other financial assets		36 268	57 929
Income tax receivables		2 390	1 452
Other investments		170	170
Cash and cash equivalents		87 597	79 255
Assets held for sale		1 300	1 300
Current assets		448 481	333 665
TOTAL ASSETS		1 030 048	698 757
Capital		139 734	139 357
Share premium		131 780	131 267
Share capital		271 514	270 624
Treasury shares		(1 450)	(1 450)
Other reserves		(18 747)	(22 487)
Retained earnings		110 968	98 760
Hedging and translation reserves		(8 431)	(11 372)
Equity (share of the Group)		353 854	334 075
Equity attributable to non-controlling interests		994	705
Total equity		354 848	334 780
Employee benefit liabilities		50 897	52 342
Provisions		19 263	18 979
Deferred tax liabilities		32 794	12 173
Financial liabilities	1.7.8.3.	284 493	70 426
Other amounts payable		76	26
Non-current liabilities		387 523	153 946
Provisions		5 991	1 598
Financial liabilities	1.7.8.3.	9 877	14 403
Deferred payable for share investment		18 196	0
Trade payables		125 676	88 923
Current contract liabilities		18 067	15 183
Income tax payables		3 414	1 045
Other amounts payable		106 456	88 879
Current liabilities		287 677	210 031
TOTAL EQUITY AND LIABILITIES		1 030 048	698 757

* The accompanying notes are an integral part of this statement of financial position. See also note I.7.7.3. on Business combinations and I.7.7.4. Discontinued operations.

I.5. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

in thousand EUR	Notes *	1H2021	1H2020
Group Recticel			
Operating profit (loss)		23 572	(2 886)
Income from discontinued operations		1 287	68 812
Amortisation of intangible assets		2 236	1 202
Depreciation of tangible assets		20 525	26 953
Amortisation of deferred long term and upfront payment		334	781
(Reversal) Impairment losses on goodwill, intangible and tangible assets		0	3 189
(Write-back)/Write-offs on assets		(559)	671
(Write-back)/Write-offs on shares affiliates		0	220
Changes in provisions		580	13 292
(Gains) / Losses on disposals of intangible and tangible assets		(626)	(737)
(Gains) / Losses on disposals of shares affiliates		0	(101 703)
(Gains) / Losses on disposals of receivables		1	0
Income from associates		(547)	(420)
Other non-cash elements		(1 607)	508
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS		45 196	9 882
Inventories		(22 085)	1 383
Contract assets		38	0
Trade receivables		(17 412)	(39 068)
Other receivables		24 208	(4 506)
Trade payables		21 973	(17 124)
Other payables		4 110	11 121
Changes in working capital		10 832	(48 194)
Income taxes paid		(1 677)	(2 545)
NET CASH FLOW FROM OPERATING ACTIVITIES (a)		54 351	(40 858)
Interests received		250	601
Dividends received		25	54
Acquisition FoamPartner, net of cash acquired	1.7.7.3.	(223 620)	0
Investments in and subscriptions to capital increases		0	(1 403)
Increase of loans and receivables		(295)	(10 000)
Decrease of loans and receivables		4 349	20 567
Investments in intangible assets		(2 052)	(1 523)
Investments in property, plant and equipment		(5 361)	(8 767)
Net deferred charges long term		(191)	(204)
Disposals of intangible assets		5	0
Disposals of property, plant and equipment		1 593	56
Proceeds from affiliates and joint ventures disposals	1.7.7.4.	0	176 303
NET CASH FLOW FROM DIVESTMENT (INVESTMENT) ACTIVITIES (b)		(225 299)	175 685
Interests paid on financial debt (c)		(1 852)	(1 714)
Interests paid on lease debt (c)		(54)	0
Dividends paid		(14 451)	(13 254)
Increase (Decrease) of capital		889	760
Increase of financial debt		203 300	97 523
Decrease of financial debt		0	(54 606)
Decrease of lease debt (d)		(9 561)	(14 750)
NET CASH FLOW FROM FINANCING ACTIVITIES (e)		178 271	13 959
Effect of exchange rate changes (f)		1 019	212
CHANGES IN CASH AND CASH EQUIVALENTS (a)+(b)+(e)+(f)		8 342	148 998
Net cash position opening balance		79 255	48 479
Net cash position closing balance		87 597	197 477
CHANGES IN CASH AND CASH EQUIVALENTS		8 342	148 998
NET FREE CASH FLOW (a)+(b)+(c)+(d)		(182 415)	118 363

I.6. CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the half-year ending 30 June 2021

Group Recticel in thousand EUR	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences reserves and Hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non- controlling interests included
At the end of the period 31 December 2020	139 357	131 267	(1 450)	(22 487)	98 766	(11 378)	334 075	705	334 780
Restatement IFRS 16¹	0	0	0	0	(1 449)	0	(1 449)	0	(1 449)
Dividends	0	0	0	0	(14 468)	0	(14 468)	0	(14 468)
Stock options (IFRS 2)	0	0	0	393	0	0	393	0	393
Capital movements	377	513	0	0	0	0	890	0	890
Shareholders' movements	377	513	0	393	(14 468)	0	(13 185)	0	(13 185)
Profit or loss of the period	0	0	0	0	27 954	0	27 954	289	28 243
Other comprehensive income	0	0	0	3 230	288	2 942	6 460	0	6 460
Change in scope	0	0	0	117	(117)	0	0	0	0
Comprehensive income	0	0	0	3 347	171	2 942	6 460	0	6 460
At the end of the period 30 June 2021	139 734	131 780	(1 450)	(18 747)	110 974	(8 436)	353 855	994	354 849

¹Restatement of the opening balance as per 01 January 2021 on dilapidation provision for EUR 2.4 million (additional provision), impacting equity for EUR -1.5 million and increasing right-of-use assets for EUR 0.9 million

For the half-year ending 30 June 2020

Group Recticel in thousand EUR	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences reserves and Hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non- controlling interests included
At the end of the period (31 December 2019)	138,494	130,334	(1,450)	(25,621)	51,227	(18,288)	274,696	701	275,397
Dividends	0	0	0	0	(13,127)	0	(13,127)	0	(13,127)
Stock options (IFRS 2)	0	0	0	304	0	0	304	0	304
Capital movements	352	407	0	0	0	0	759	0	759
Shareholders' movements	352	407	0	304	(13,127)	0	(12,064)	0	(12,064)
Profit or loss of the period	0	0	0	0	60,110	0	60,110	(30)	60,080
Other comprehensive income	0	0	0	2,049	(453)	(11,812)	(10,216)	0	(10,216)
Change in scope	0	0	0	2,145	(2,145)	18,345	18,345	0	18,345
Comprehensive income	0	0	0	4,194	(2,598)	6,533	8,129	0	8,129
Reclassification	0	0	0	62	(62)	0	0	0	0
At the end of the period (30 June 2020)	138,846	130,741	(1,450)	(21,061)	95,550	(11,755)	330,871	671	331,542

I.7. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2021

I.7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.7.1.1. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION

These interim condensed consolidated financial statements for the six months ended 30 June 2021 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 2020.

These interim condensed consolidated financial statements have been authorised for issue by the Board of Directors on 26 August 2021.

I.7.2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2021 and have been endorsed by the European Union:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 01/01/2021). This amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 01/01/2021). These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
- Amendment to IFRS 16 Leases COVID 19-Related Rent Concessions (effective 01/06/2020, with early application permitted). If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether particular COVID-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.

I.7.3. POTENTIAL IMPACT OF NEW STANDARDS WHICH ARE NOT YET APPLICABLE

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2021 and have not been endorsed by the European Union:

- Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 01/01/2023), affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:
 - o Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

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- Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
 - IFRS 17 'Insurance contracts' (effective 1 January 2023). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. On 17 March 2020, IASB decided to defer the effective date to annual reporting periods beginning on or after 1 January 2023. The endorsement includes the amendments issued by the Board in June 2020, which are aimed at helping companies implement the Standard and by making it easier for them to explain their financial performance.
 - Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 1 January 2022). The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.
 - Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
 - Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.
 - Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).
 - Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023). The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).
 - Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions (effective 1 April 2021). The amendments extend, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. In particular, the amendment permits a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or

before 30 June 2021). The amendment is effective for annual reporting periods beginning on or after 1 April 2021 (earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued).

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

The following standard is mandatory since the financial year beginning 1 January 2016 (however not yet subjected to EU endorsement). The European Commission has decided not to launch the endorsement process of this interim standard but to wait for the final standard:

- IFRS 14, 'Regulatory deferral accounts' (effective 1 January 2016). It concerns an interim standard on the accounting for certain balances that arise from rate-regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure.

1.7.4. CRITICAL ACCOUNTING ASSESSMENTS AND PRINCIPAL SOURCES OF UNCERTAINTY

Drawing up the (semi-) annual accounts in accordance with IFRS requires management to make the necessary estimates and assessments. The management bases its estimates on past experience and other reasonable assessment criteria. These are reviewed periodically and the effects of such reviews are taken into account in the annual accounts of the period concerned. Future events which may have a financial impact on the Group are also included in this.

The estimated results of such possible future events may consequently diverge from the actual impact on results.

The assessments and estimates made for the period ended 30 June 2021 are similar to the ones applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

1.7.4.1. Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. The fair value assessment as per 30 June 2021 led Recticel to increase the value of its investment property by EUR 2 million. This gain, arising from the change in the fair value of investment property, is included in profit or loss for the period.

1.7.4.2. Deferred tax assets

Deferred tax assets are mainly recognised for the unused tax losses carried forward, to the extent that future taxable profits are expected to be available to offset these unused tax losses carried forward. For this purpose management bases recognition of deferred tax assets on its business plans. In this respect, and despite the impact of COVID-19, sufficient taxable profits are expected to be generated going-forward. Deferred tax assets are mainly related to Belgium, France and Spain. In the recognition of deferred tax assets for unused tax losses carried forward, management assessed the probability that future profits will be available, in line with the considerations issued by the ESMA in its public statement of 15 July 2019. In 1H2021 the reassessment of deferred tax assets for unused tax losses carried forward lead to a recognition of EUR 11.7 million additional deferred tax assets in the income statement.

1.7.4.3 Put/call options on discontinued operations Proseat and TEMDA2 (formerly Automotive Interiors)

On 19 February 2019, Recticel announced the closing of the transactions as a result of which Sekisui Plastics Co., Ltd. acquired 75% in Proseat. Recticel holds a 25% participation in Proseat with the option to sell this remaining participation as of three years after the transaction closing date. The put option can be exercised in the periods March-June 2022 and March-June 2023.

Following the loss of Proseat per 30 June 2021, amounting to million EUR -20.0 million (at 100%), and taking into account the estimated net financial debt at year-end 2021, the fair value of the Proseat option has been reduced to zero (31 December 2020: EUR 4.9 million).

On 01 July 2020, Recticel announced the closing of the divestment of its Automotive Interiors business to TEMDA2 GmbH, a new joint venture with Admetos. Recticel holds a participation of 49% in this new joint venture. The agreement contains reciprocal call/put options - for Admetos to acquire, or Recticel to sell its remaining 49% share -, which are exercisable as from March 2024.

A valuation of the put/call structure on the remaining 49% participation in the Automotive Interiors joint venture TEMDA2 has been made per 30 June 2021. Per 30 June 2021, the fair value of the option amounted to a zero value (same as per 31 December 2020).

Both put/call option structures have been recognised as derivative financial instruments at fair value with changes in fair value to be recognised in profit or loss. The value of both options have been calculated using the Black & Scholes option price formula, with the following key assumptions : (i) spot price equal to the estimated enterprise value (Proseat) and equity value (TEMDA2) per end December 2020, (ii) automotive parts' sector volatility (32.2%), (iii) maturity based on terms and conditions set out in the initial share purchase agreement, (iv) a risk-free interest rate of -0.75% and (v) a dividend yield of 0%.

1.7.4.4 COVID-19 impact

Despite the strong performance of Engineered Foams and Insulation, Recticel's activity, specifically in the Bedding segment has been negatively impacted by the COVID-19 pandemic. After a weak start in 1Q2021 (Net sales Bedding: EUR 55.7 million; -14.5% versus EUR 65.2 million in 1Q2020) - due to COVID-19 related shopping restrictions, which impacted Bedding volumes in the Netherlands and in the DACH countries – the trend reversed in 2Q2021 when mobility and shopping restrictions were gradually lifted in most countries. 2Q2021 Bedding sales increased by 13.2% from EUR 44.0 million in 2Q2020 to EUR 49.8 million in 2Q2021, including a -0.1% impact from exchange rate differences. External sales increased by 13.0% in 2Q2021 to reach EUR 49.0 million.

1H2021 Bedding sales slightly decreased from EUR 109.2 million to EUR 105.5 million (-3.4%), including a +0.2% impact from exchange rate differences. External sales decreased by 3.6% from EUR 107.6 million to EUR 103.7 million.

In the preparation of the consolidated financial statements for the half-year ended 30 June 2021, management considered the current economic environment and the impact of COVID-19. Despite the negative impact on the performance and cash flows during 1H2021 on the Bedding division, Recticel has a solid financial position, and liquidity and meets its financial covenants (cfr note 1.7.8.3.). As such, management concluded the company is able to continue as a going concern.

1.7.4.5 Brexit

The annual turnover of the Group in the UK represents 15.8% of total consolidated sales in 2020. The products the Group sells in the UK are mainly produced locally. The direct impact of Brexit concerns (i) the import of chemical raw materials necessary for local production, as these raw materials are not available in the UK, and (ii) a currency exchange rate risk. The Brexit treaty concluded in 2020 between the European Union and the United Kingdom has led to the elimination of possible risks with regard to the supply of raw materials.

I.7.5. CHANGES IN SCOPE OF CONSOLIDATION

The following changes in the scope of consolidation took place during the **first half-year of 2021**:

End-March 2021: acquisition of the Swiss-based FoamPartner group- a global provider of high value-added technical foam solutions in the Mobility, Industrial Specialties and Living & Care markets. FoamPartner is fully integrated in the consolidated statements from 01 April 2021, and is reported under the segment Engineered Foams. The acquired FoamPartner companies are:

- FoamPartner Germany GmbH, Germany
- FoamPartner Converting Center GmbH, Germany
- FoamPartner Leverkusen GmbH, Germany
- FoamPartner Delmenhorst GmbH, Germany
- Frina Mousse sàrl, France
- FoamPartner Switzerland AG, Switzerland
- Buttikofer AG, Switzerland
- FoamPartner Holding AG, Switzerland
- FoamPartner America Inc, USA
- FoamPartner Singapore, Singapore
- FoamPartner Polyurethane Mat., China
- FoamPartner Trading (Shanghai), China

The following changes in the scope of consolidation took place during the **first half-year of 2020**:

- 30 June 2020: divestment of the Automotive Interiors activities, which are now operated through the German company TEMDA2 GmbH, a newly established 51/49% Admetos/Recticel joint venture.

From 30 June 2020 onwards the new joint venture TEMDA2 GmbH has been integrated following the equity method under the heading 'Investments in other associates'.

- 30 June 2020: disposal of the 50% participation in the Eurofoam group (Engineered Foams), which was accounted for in the consolidated statements following the equity method.

In accordance with IFRS 5, both above-mentioned businesses have been presented as discontinued operations in the consolidated income statement. Details are disclosed in note I.7.7.4.

1.7.6. BUSINESS SEGMENTS

Following the partial divestments of the Proseat participation (in 2019) and of the Automotive Interiors activities (30 June 2020), the principal market segments for Recticel's goods and services are reported as from 2020 under three operating segments: Engineered Foams (including FoamPartner), Bedding, Insulation, and Corporate.

Sales of chemical raw materials at cost to the Proseat and TEMDA2 companies, which previously were reported under the segment Automotive, are integrated under "Corporate/Eliminations".

For more details on these segments, reference is made to the press release of 27 August 2021 (First half-year 2021 results). Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at prevailing market conditions.

Segment information for the first half-year 2021

Group Recticel in thousand EUR	ENGINEERED FOAMS	BEDDING	INSULATION	CORPORATE & ELIMINATIONS	TOTAL
SALES					
External sales	262 749	103 736	188 393	41 284	596 162
Inter-segment sales	16 928	1 813	0	(18 741)	0
Total sales	279 677	105 549	188 393	22 544	596 162
Operating profit (loss)					
Unallocated corporate expenses ⁽¹⁾				(10 626)	
Operating profit (loss)	11 844	(924)	23 279	(10 626)	23 573
Financial result					(1 809)
Income from other associates and change in fair value of option structures					(4 293)
Result for the period before taxes					17 471
Income taxes					9 485
Result for the period after taxes - Continuing operations					26 956
Result for the period after taxes - Discontinued operations					1 287
Result for the period after taxes - Continuing and discontinued operations					28 243
of which non-controlling interests					289
of which share of the Group					27 954

⁽¹⁾ Includes headquarters' costs for EUR 7.0 million (1H2020: EUR 7.2 million) and R&D expenses (Corporate Programme) for EUR 0.03 million (1H2020: EUR 1.3 million).

Details of discontinued operations are disclosed in note 1.7.7.4.

Segment information for the first half-year 2020

Group Recticel in thousand EUR	ENGINEERED FOAMS	BEDDING	INSULATION	CORPORATE & ELIMINATIONS	TOTAL
SALES					
External sales	132 885	107 580	112 722	21 074	374 262
Inter-segment sales	14 257	1 653	0	(15 910)	0
Total sales	147 142	109 233	112 722	5 164	374 262
Operating profit (loss)					
Unallocated corporate expenses ⁽¹⁾				(8 093)	
Operating profit (loss)	1 237	(1 874)	5 844	(8 093)	(2 885)
Financial result					(2 551)
Income from other associates and change in fair value of option structures					(1 252)
Result for the period before taxes					(6 688)
Income taxes					(2 045)
Result for the period after taxes - Continuing operations					(8 733)
Result for the period after taxes - Discontinued operations					68 812
Result for the period after taxes - Continuing and discontinued operations					60 079
of which non-controlling interests					(31)
of which share of the Group					60 110

⁽¹⁾ Includes headquarters' costs for EUR 7.2 million (1H2019: EUR 8.0 million) and R&D expenses (Corporate Programme) for EUR 1.3 million (1H2019: EUR 1.2 million).

All revenues are recognised at a certain point in time.

Other segment information first half-year 2021

Group Recticel in thousand EUR	ENGINEERED FOAMS	BEDDING	INSULATION	CORPORATE	TOTAL
Depreciation and amortisation	12 639	3 918	5 459	1 080	23 096
Impairment losses recognised in profit and loss	0	0	0	0	0
EBITDA	24 483	2 994	28 738	(9 547)	46 668
Capital additions	2 870	1 705	2 102	627	7 304

Other segment information first half-year 2020

Group Recticel in thousand EUR	ENGINEERED FOAMS	BEDDING	INSULATION	CORPORATE	TOTAL
Depreciation and amortisation	7 127	4 522	5 366	1 172	18 187
Impairment losses recognised in profit and loss	1 100	888	0	95	2 083
EBITDA	9 464	3 537	11 210	(6 827)	17 384
Capital additions	3 509	1 922	1 431	2 050	8 912

Adjustments to the operating result per segment

Group Recticel in thousand EUR	ENGINEERED FOAMS	BEDDING	INSULATION	CORPORATE	TOTAL
For the first half-year 2021					
Restructuring charges and provisions	(1 218)	(1 481)	(59)	(568)	(3 326)
Other	(5 600)	0	(34)	(1 226)	(6 860)
Impairments	0	0	0	0	0
TOTAL	(6 818)	(1 481)	(93)	(1 794)	(10 186)

- Reorganisation charges in Engineered Foams (mainly The Netherlands, Germany and Switzerland; EUR 1.2 million) and in Bedding (mainly The Netherlands) EUR 1.5 million
- The item Other relates to legal and advisory fees (EUR 3.1 million) relating to (i) the acquisition of FoamPartner (Engineered Foams), (ii) the preparation of the divestment of the Bedding division, and (iii) the dealings related to the Greiner offer. The item 'Other' also comprises the reversal of some provisions for claims and onerous contracts in Engineered Foams (EUR 1.1 million), realisation of a fair value adjustment on inventories by application of IFRS 3 (reversal of inventory step up values resulting from purchase price allocations; EUR -3.4 million) and real estate taxes (EUR -2.8 million) relating to the integration of FoamPartner in Engineered Foams and a revaluation allowance for investment property in Belgium (EUR 2.0 million).

Group Recticel in thousand EUR	ENGINEERED FOAMS	BEDDING	INSULATION	CORPORATE	TOTAL
For the first half-year 2020					
Restructuring charges and provisions	(455)	(999)	(70)	(1)	(1 525)
Other	(350)	0	0	188	(161)
Impairments	(1 100)	(888)	0	(95)	(2 083)
TOTAL	(1 905)	(1 888)	(70)	92	(3 770)

- Restructuring charges (EUR -1.5 million) refer to additional restructuring measures in execution of the Group's rationalisation plan.
- Other adjustments relate mainly to non-recurring costs relating to the fire incident in Wetteren (Belgium)
- Impairments relate to idle assets in Flexible Foams in Spain (EUR 1.1 million) and in Bedding following the closure of the Hassfurt plant (Germany) (EUR 0.9 million).

I.7.7. CONDENSED CONSOLIDATED INCOME STATEMENT

I.7.7.1. OTHER OPERATING INCOME AND EXPENSES

in thousand EUR

Group Recticel	1H2021	1H2020
Other operating revenues	2 755	3 640
Other operating expenses	(11 917)	(6 834)
TOTAL	(9 162)	(3 194)
Restructuring charges (including site closure, onerous contracts and clean-up costs)	(3 266)	(1 524)
Gain (Loss) on disposal of intangible, tangible and right-of-use assets	728	6
Gain (Loss) on investment operations	27	0
Gain (Loss) on IFRS 16 reassessment	(434)	0
IAS 19 Pensions and other similar obligations	(566)	138
IAS 19 Operating expenses	(938)	(620)
Provisions	1 015	(628)
Insurances	0	(2 399)
Fees consultancy and subcontractors	(3 076)	(137)
Stock options	(393)	0
Royalties	(841)	0
Real estate transfer taxes	(2 845)	0
Revaluation tangible assets (i.e. land)	2 000	0
Other expenses	(573)	(785)
Insurances commission (Recticel RE)	0	2 492
Other revenues	0	263
TOTAL	(9 162)	(3 194)

Restructuring

During **1H2021**, reorganisation charges refer to restructuring measures in Engineered Foams (EUR 1.2 million), in Bedding (EUR 1.5 million) and in Corporate (EUR 0.5 million).

During **1H2020**, restructuring charges (EUR -1.5 million) refer to additional restructuring measures in execution of the Group's rationalisation plan, mainly (i) reorganisation charges in Engineered Foams (EUR 0.5 million) and in Bedding (EUR 1.0 million).

Provisions

During **1H2021**, provisions are mainly impacted by the reversal of some provisions for claims and onerous contracts in Engineered Foams (EUR 1.1 million).

Fees for consultancy and subcontractors

During **1H2021**, fees for consultancy and subcontractors mainly relate to legal and advisory fees for the acquisition of FoamPartner (Engineered Foams), the preparation of the divestment of the Bedding division and the Greiner offer.

1.7.7.2 FINANCIAL RESULT

Group Recticel in thousand EUR	1H2021	1H2020
Interest on lease liabilities	(1 205)	(1 108)
Interest on long-term bank loans	(1 121)	(507)
Interest on short-term bank loans & overdraft	(801)	(576)
Net interest charges on Interest Rate Swaps and Foreign Currency Swaps	23	(17)
Interest charges on other loans	0	(10)
Total borrowing cost	(3 104)	(2 219)
Interest income from bank deposits	40	38
Interest income from financial receivables	234	537
Interest income from financial receivables and cash	274	575
Interest charges on other debts	(57)	(97)
Interest income on other receivables	2	0
Total other interest	(55)	(97)
Interest income and expenses	(2 885)	(1 741)
Exchange rate differences	1 136	(652)
Interest actualisation cost for other provisions	(8)	0
Net interest cost IAS 19	(73)	(164)
Other financial result	23	6
Total other financial result	1 077	(810)
FINANCIAL RESULT	(1 808)	(2 551)

1.7.7.3 BUSINESS COMBINATIONS

For the period ending 30 June 2021

On 31 March 2021 Recticel acquired 100% of the shares of FoamPartner for an enterprise value of CHF 270 million, CHF 20 million of the price being payable in January 2022. This represents an 8.6x average 2019A-2020F normalized EBITDA multiple. FoamPartner is a global provider of high value-added technical foam solutions in the Mobility, Industrial Specialties and Living & Care markets. There is significant complementarity and synergy upside with Recticel.

FoamPartner was founded in 1937 and has been a member of Conzzeta AG since 1980. It is an innovative polyurethane foams supplier offering over 200 specialty foams and tailored solutions for industrial, mobility and comfort applications. The group is headquartered in Wolfhausen, Switzerland and operates through a footprint of 12 sites located in the USA, China, Germany, Switzerland and France, and a sales network in 58 countries. FoamPartner employs about 1,100 people and generated net sales of CHF 297 million in 2019 and CHF 257 million in 2020.

Recticel combined the FoamPartner business with the Recticel Flexible Foams division, to form the new Engineered Foams business segment. Financing has been secured by a syndicated acquisition facility which was arranged and fully underwritten by KBC Bank and to which Belfius Bank and BNP Paribas Fortis confirmed their participation. The acquisition facility has a 3-year tenor with two 1-year extension options.

Details of the purchase consideration are as follows in million CHF and million EUR:

	million CHF	million EUR
Purchase consideration	167.9	154.1
Net financial debt	88.8	80.1
Debt-like items and working capital adjustments	13.3	12.2
Total purchase consideration	270.0	246.4

The enterprise value of CHF 270 million (EUR 246.4 million), can be reconciled as follows to the cash flow from investment activities as per 30 June 2021:

	million EUR
Total purchase consideration	246.4
Debt-like items and working capital adjustments	-12.2
Deferred payment payable in January 2022	-18.2
Receivables on Conzzeta AG	7.6
Consideration paid as per 30 June 2021 (cfr 1.5.)	223.6

The purchase consideration is subject to final settlement on the basis of the FoamPartner closing accounts as per 31 March 2021.

The assets and liabilities recognized as a result of the acquisition are as follows:

	'000 EUR
Customer list – (cfr note 1.7.8.1.)	18.885
Other intangible assets - (cfr note 1.7.8.1.)	10.411
Property, plant & equipment -	160.011
Right of use assets -	7.425
Inventories	38.179
Receivables	54.763
Cash and cash equivalents	19.580
Provisions -	-2.939
Employee benefit obligations (net)	-752
Financial liabilities	-103.923
Lease liabilities	-7.425
Payables	-30.737
Net deferred tax assets	-19.959
Net identifiable assets acquired	143.519
Goodwill	10.616
Total net financial debt, debt-like items and working capital adjustments	92.322
Total purchase consideration – '000 EUR	246.457
Total purchase consideration – '000 CHF	270.000

The goodwill is attributable to FoamPartner's strong position and profitability in high value-added technical foam solutions in the Mobility, Industrial Specialties and Living & Care markets and synergies expected to arise after the company's acquisition of the new subsidiary. The goodwill has been allocated to the cash generating units of Continental Europe (EUR 7.2 million), USA (EUR 1.8 million) and China (EUR 1.6 million). None of the goodwill is expected to be deductible for tax purposes. See note 1.7.8.1. for the changes in goodwill as a result of the acquisition.

The fair value of the acquired customer list and customer contracts of EUR 18.9 million and part of Property, Plant and Equipment of EUR 56.6 million is provisional pending receipt of the final valuations for those assets. Other fair value adjustments relate to inventory step up adjustment (EUR 3.4 million) and Marketing and Technology related intangible assets (EUR 4.8 million). Deferred tax liabilities of EUR -20.0 million have been provided for in relation to these fair value adjustments, which are also provisional pending the finalization of the fair value adjustments.

Acquisition-related costs

Acquisition-related costs of EUR 3.7 million relate to real estate transfer taxes and advisor fees and are included under "other operating expenses in the income statement as per 30 June 2021.

Revenue and profit contribution

The acquired business contributed revenues of EUR 71.9 million and an adjusted operating profit of EUR 1.8 million and a net result of EUR -2.2 million to the group for the period from 1 April 2021 to 30 June 2021. If the acquisition had occurred on 1 January 2021, consolidated revenue, consolidated adjusted operating profit and consolidated net result for the half-year ended 30 June 2021 would have been EUR 666.2 million, EUR 23.9 million and EUR 28.8 million respectively.

Staff

As a result of the acquisition of FoamPartner the average number of people employed increased by 1,046 full time equivalents.

For the period ending 30 June 2020: None

1.7.7.4 DISCONTINUED OPERATIONS

For the period ending 30 June 2021

Following the finalization of the closing accounts per 30 June 2020 for the Automotive Interiors divestment, a settlement was reached between Recticel and the purchaser with regard to certain amounts to be taken into consideration for deduction from the purchase price, as well as a claimed breach of the agreement. The settlement of the Automotive Interiors divestment led to a positive result of EUR 1.3 million as per 30 June 2021.

For the period ending 30 June 2020

On 30 June 2020, the Group has completed the divestment of its 50% stake in the Eurofoam Flexible Foams joint venture to Greiner, as well as the divestment of its Automotive Interiors division to TEMDA2 GmbH, a newly created company in which Admetos indirectly holds 51% and Recticel holds a 49% minority participation.

Group Recticel in thousand EUR	Disposal of Eurofoam	Disposal of Automotive Interiors
Total gain (loss) on transaction	124 428	(41 225)
Net result of the period	3 813	(18 330)
Total discontinuing result	128 241	(59 555)

For 1H2020, the results are composed as follows:

Group Recticel in thousand EUR	Eurofoam	Automotive Interiors
Sales	0	55 303
Distribution costs	0	(1 478)
Cost of sales	0	(53 688)
Gross profit (loss)	0	137
General and administrative expenses	0	(6 801)
Sales and marketing expenses	0	(2 847)
Research and development expenses	0	(815)
Impairment of goodwill, intangible and tangible assets	0	(1 106)
Other operating revenues	127 123	574
Other operating expenses	(2 695)	(55 985)
Income from other associates	3 813	11 656
Operating profit (loss)	128 241	(55 187)
Financial result	0	(2 556)
Result of the period before taxes	128 241	(57 743)
Income taxes	0	(1 812)
Net result of the period	128 241	(59 555)

During the year, the Automotive Interiors division contributed following cash flows to the consolidated cash flow statement:

Group Recticel in thousand EUR	Automotive Interiors
Net cash flow from operating activities relating to discontinued operations	(12 053)
Net cash flow from divestment/(investment) activities relating to discontinued operations	53 501
Net cash flow from financing activities relating to discontinued operations	(52 612)
Effect of exchange rate differences	1 054
Total cash flow from discontinued operations	(10 110)

The net assets of Eurofoam and the Automotive Interiors division at the date of disposal were as follows:

Group Recticel in thousand EUR	Eurofoam	Automotive Interiors
Intangible assets	0	933
Property, plant and equipment	0	46 746
Right-of-use assets	0	26 985
Investment in joint ventures and associates	44 944	0
Other financial assets	0	(3 668)
Non-current contract assets	0	9 926
Deferred taxes	0	698
Non-current assets	44 944	81 620
Inventories	0	16 754
Trade receivables	0	29 972
Current contract assets	0	9 614
Other receivables and other financial assets	0	44 377
Income tax receivables	0	46
Cash and cash equivalents	0	7 434
Current assets	0	108 197
TOTAL ASSETS OVER WHICH CONTROL WAS LOST	44 944	189 817
Pensions and similar obligations	0	2 637
Financial liabilities	0	41 820
Non-current contract liabilities	0	16 327
Non-current liabilities	0	60 784
Pensions and similar obligations	0	367
Provisions	0	3 885
Financial liabilities	0	59 582
Trade payables	0	12 950
Current contract liabilities	0	16 191
Income tax payables	0	600
Other amounts payable	0	13 098
Current liabilities	0	106 673
TOTAL LIABILITIES OVER WHICH CONTROL WAS LOST	0	167 457
NET ASSETS DISPOSED OF	44 944	22 360

The capital gain (loss) on the divestment of respectively Eurofoam and the Automotive Interiors activities can be summarized as follows:

Group Recticel in thousand EUR	Eurofoam	Automotive Interiors
Full consideration received	184 547	2 390
- Net assets disposed	(44 944)	(22 360)
- Cumulative translation differences related to the net assets disposed	(11 770)	(6 757)
- Provisions for post-closing price adjustments and specific arrangements	(865)	(12 629)
- Transaction fees and other expenses	(2 540)	(1 700)
= Capital gain (loss) on disposal	124 428	(41 056)

1.7.7.5. DIVIDENDS

The Board of Directors' proposal to distribute a gross dividend of EUR 0.26 per share or EUR 14.5 million for the year 2020, was approved by the shareholders at the Annual General Meeting of 25 May 2021. The payment of this dividend took place on 01 June 2021, and is thus reflected in the financial statements for the first half-year of 2021.

I.7.8. CONDENSED CONSOLIDATED BALANCE SHEET

I.7.8.1. GOODWILL

Group Recticel in thousand EUR	At the end of the period ending 30 June 2021	At the end of the period ending 31 December 2020
Net book value at the end of the preceding period	24 139	24 412
Movements during the period		
Changes in scope of consolidation	10 616	0
Exchange rate differences	(177)	(273)
Net book value at the end of the period	34 578	24 139

The change in scope of consolidation follows the integration of FoamPartner.

The net book value of the goodwill by segment is composed as follows:

Per 30 June 2021:

Group Recticel in thousand EUR	ENGINEERED FOAMS	BEDDING	INSULATION	CORPORATE	TOTAL
United Kingdom	3 245	-	967	-	4 212
Continental Europe	8 256	11 486	2 127	-	21 869
Scandinavia	5 371	-	-	-	5 371
USA	1 439	-	-	-	1 439
China	1 687	-	-	-	1 687
Total net book value of goodwill	19 998	11 486	3 094	0	34 578

Recticel's annual impairment testing is performed at year-end or whenever a triggering event occurs.

The COVID-19 related shopping restrictions mainly in Germany and The Netherlands impacted the sales volumes in our Bedding division. The decline of the volumes resulting from the COVID-19 pandemic was viewed as a triggering event for impairment testing in accordance with IAS36 Impairment of Assets. When performing the impairment test for the cash generating unit Bedding, management also performed three sensitivity analyses without growth: (i) increasing the discount rate (pre-tax WACC of 8.2%) by 1%, (ii) decreasing the gross margin by -2% and (iii) decreasing the sales by -1%.

On the basis of the impairment tests performed, management concluded that in all cases there is sufficient headroom.

1.7.8.2 INTERESTS IN ASSOCIATES AND OTHER ASSOCIATES

Group Recticel in thousand EUR	Associates	Other associates	30 JUN 2021
At the end of the preceding period	12 351	11 030	23 381
Movements during the year			
Transfer from one heading to another	(13)	13	0
Remeasurement gains/losses on defined benefit plans	0	0	0
Income tax relating to components of other comprehensive income	0	0	0
Other comprehensive income net of tax	0	0	0
Group's share in the result for the period	547	688	1 235 (1)
Translation differences	0	0	0
Comprehensive income for the period	547	688	1 235
Dividends distributed	0	0	0
Change in scope	0	0	0
Other	0	0	0
At the end of the period	12 885	11 731	24 616

In 1H2021 a reclassification was made of the interests in associates. Associates considered as being part of the Group's core business (i.e. Orsafoam) are reported under the item "Interest in associates", whereas associates not considered as being part of the Group's core business (i.e. Proseat and Automotive Interiors) are reported under the item "Interests in other associates". (cfr. 1.7.7.4.)

- (1) In **1H2021**, the result for the period relates to the Group's share in the result of the period of Orsafoam (associates) for an amount of EUR 0.5 million and TEMDA2 (other associate) for an amount of EUR 0.7 million. For the half-year ended 30 June 2021 Proseat (other associate) realized a loss of EUR -20.0 million at 100% (or EUR -5.0 million for Recticel's share). As Recticel recognized an impairment loss of EUR -5.5 million at the end of 2020, as a result of which the investment in Proseat was reduced to zero, the 1H2021 income statement of Recticel was not impacted by the loss of Proseat.

I.7.8.3 FINANCIAL LIABILITIES

(a) FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

in thousand EUR

Group Recticel	NON-CURRENT		CURRENT	
	30 JUN 2021	31 DEC 2020	30 JUN 2021	31 DEC 2020
Secured				
Lease liabilities	68 244	55 726	6 567	11 142
Bank loans	214 261	12 867	925	901
Factoring with recourse	0	0	0	0
Total secured	282 505	68 593	7 491	12 043
Unsecured				
Other loans	1 988	1 834	0	260
Current bank loans	0	0	250	275
Commercial paper	0	0	0	0
Bank overdrafts	0	0	1 373	1 152
Other financial liabilities	0	0	762	673
Total unsecured	1 988	1 834	2 385	2 360
Total liabilities carried at amortised cost	284 493	70 427	9 877	14 403

(b) **GROSS FINANCIAL DEBT: INTEREST-BEARING BORROWINGS, INCLUDING CONTINUING INVOLVEMENT OF OFF-BALANCE SHEET NON-RECOURSE FACTORING PROGRAMS**

in thousand EUR

Group Recticel	30 JUN 2021	31 DEC 2020
Drawn amounts under the various available interest-bearing borrowing facilities		
Outstanding amounts under the syndicated credit facility	202 319	0
Outstanding amounts under lease liabilities-(incl. finance leases)	68 244	55 726
Outstanding amounts under other non-current loans	13 930	14 701
Outstanding amounts under non-current gross interest-bearing borrowings (a)	284 493	70 427
Outstanding amounts under bank overdrafts	1 373	1 152
Outstanding amounts under current bank loans	1 175	1 176
Outstanding amounts under lease liabilities	6 567	11 142
Outstanding amounts under factoring programs - retention amount	0	0
Outstanding amounts under commercial paper programs ¹	0	0
Outstanding amounts under other current loans	0	260
Outstanding amounts under other financial liabilities	762	673
Outstanding amounts under current gross interest-bearing borrowings (b)	9 877	14 403
Total outstanding amounts under gross interest-bearing borrowings (c)=(a)+(b)	294 369	84 830
Outstanding amounts under non-recourse factoring programs (d)	45 204	0
Total outstanding amounts under gross interest-bearing borrowings and factoring programs (e)=(c)+(d)	339 574	84 830
Weighted average lifetime of non-current interest-bearing borrowings (in years)	2.9	4.7
Weighted average interest rate of gross financial debt at fixed interest rate	2.23%	2.24%
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	1.60%	2.02%
Interest rate range of gross financial debt at variable interest rate	0.60% - 3.00%	0.80% - 3.70%
Weighted average interest rate of total gross financial debt	1.69%	2.24%
Percentage of gross financial debt at fixed interest rate	14.0%	100.0%
Percentage of gross financial debt at variable interest rate	86.0%	0.0%

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

The fair value of floating rate borrowings is close to the nominal value.

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'. These finance leases consist mainly of three leases:

- (i) the lease financing of the Insulation plant in Bourges (France), which has an outstanding amount as of 30 June 2021 of EUR 4.4 million and is at floating rate, hedged by an interest rate swap (cfr 2.4.2.5.17);
- (ii) the lease financing buildings in Belgium, has an outstanding amount as of 30 June 2021 of EUR 2.0 million and is at a fixed rate;
- (iii) a lease financing of the extension of the Insulation plant in Wevelgem (Belgium) in 2017, which has an outstanding amount as of 30 June 2021 of EUR 7.1 million and is at fixed rate.

(ii) Bank loans – “syndicated credit facility”

On 04 December 2020 the Group entered into:

- (i) a new EUR 100 million syndicated revolving credit facility to replace the EUR 175 million 'club deal' facility maturing in February 2021, and
- (ii) a EUR 205 million acquisition financing facility to finance the FoamPartner acquisition, closed on 31 March 2021.

Both facilities have a 3-year tenor with two 1-year extension options and have been arranged and underwritten by KBC Bank, Belfius Bank, BNP Paribas Fortis, Commerzbank and LCL confirmed their participation. The new EUR 100 million syndicated revolving credit facility has effectively replaced the existing EUR 175 million 'club deal' facility as of February 1, 2021.

(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 2021 is EUR 12.9 million.

(iv) Commercial paper program

In 2017, the Group initiated, through Recticel n.v., a short-term commercial paper program (TCN – Titres de Créances Négociables) in France for an amount of EUR 100 million, which was increased in 2018 to EUR 150 million. This TCN-program is used to complement the financing of day-to-day working capital needs of the Group. The amount issued under the TCN-program is to be covered by the unused amount under syndicated credit facility. Following the refinancing and reduction of the amount of the syndicated revolving credit facility, the short-term commercial paper program has been reduced to EUR 100 million as of 01 February 2021.

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

in thousand EUR

Group Recticel	30 JUN 2021	31 DEC 2020
Unused amounts under non-current financing facilities		
Undrawn available commitments under the syndicated credit facility ¹	100 000	175 000
Undrawn available under non-current commitments maturing within one year	0	0
Undrawn available under other non-current commitments	0	0
Total available under non-current facilities	100 000	175 000
Unused amounts under current financing facilities		
Undrawn under current on-balance facilities	37 281	40 995
Undrawn under off-balance factoring programs	0	56 219
Total available under current facilities	37 281	97 214
Total unused amounts under financing facilities	137 281	272 214

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 as of 30 June 2021 of EUR 100 million under the EUR 100 million syndicated credit facility is after deduction of the issued amounts under the commercial paper program.

All conditions under the financial arrangements with the banks are respected.

I.7.9. MISCELLANEOUS

I.7.9.1. OFF-BALANCE SHEET ITEMS

Recticel s.a./n.v., or some of its subsidiaries have provided various parental corporate guarantees and comfort letters for commercial and/or financial commitments towards third parties or associates.

in thousand EUR

Group Recticel	30 JUN 2021	31 DEC 2020
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	161 958	160 734

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries or associates with banks (EUR 106.5 million), lessors (EUR 45.2 million), governmental institutions (EUR 3.8 million) and other third parties (EUR 6.5 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.

1.7.9.2 RELATED PARTY TRANSACTIONS

Compared to December 2020 there are no new significant changes in the related party transactions.

1.7.9.3 ISSUE OF NEW EDITION OF THE STOCK OPTION PLAN

Following the decision of the Board of Directors taken in February 2021, a new edition of the stock option plan was launched in favour of leading staff members of the Group in May 2021. In total 475,000 options were attributed with an exercise price of EUR 12.44. The exercise period runs - after a vesting period of three years -, from 01 January 2025 till 11 May 2028. Fair value of this option serie amounts to EUR 1.1 million.

360,000 out of the 475,000 were allocated to the current members of the Management Committee.

In deviation from previous editions, this edition grant can be covered either by subscription rights (when the Board will be able to issue them) or alternatively by options on existing Recticel shares.

1.7.9.4 CONTINGENT ASSETS AND LIABILITIES

a) Tertre (Belgium)

Reference is made to the 2020 Annual Report

b) Wetteren (Belgium)

Reference is made to the 2020 Annual Report

c) Litigations

Reference is made to the 2020 Annual Report, with the following subsequent changes.

With regard to the customer claims relating to the conduct covered by the European Commission's cartel decision, the court proceeding in the UK has been now settled out of court for an immaterial amount.

With regard to the dispute on the finalization of the closing accounts per 30 June 2020 following the Automotive Interiors divestment, a settlement has been reached. With regard to some other representation and warranty discussion items, negotiations continue.

With regard to the claim notice sent by Proseat Europe GmbH to Recticel SA/NV on 18 February 2021 for the maximum amount of EUR 865,000 concerning the absence of dilapidation provisions for certain production sites leased by Proseat entities: this claim has been discontinued.

1.7.9.5. POST-BALANCE SHEET DATE EVENTS

(A) Status acquisition Gór-stal (insulation)

In its press release of 19 March 2021 Recticel announced that it had entered into preliminary agreements with the owners of the private Polish company Gór-Stal Sp. z o.o. ("Gór-Stal") to acquire Gór-Stal's thermal polyisocyanurate-based (PIR) insulation board business.

The acquisition is to be made in cash for an enterprise value of EUR 30 million, of which EUR 27.25 million payable at closing and EUR 2.75 million in two equal tranches in 2022 and 2023. The transaction is subject to confirmatory due diligence and customary conditions precedent.

Due to additional time required to implement the necessary carve-out, the closing of the transaction is now anticipated in the course of 4Q2021.

(B) Status Greiner offer

With regard to the Greiner offer, Recticel refers to its previous communications on this topic as there has been no subsequent development.

1.7.9.6 Reconciliation with alternative performance measures

Group Recticel in thousand EUR	30 JUN 2020	30 JUN 2021
Income statement		
Sales	374 262	596 162
Gross profit	65 343	109 403
EBITDA	17 384	46 668
Operating profit (loss)	(2 885)	23 572
Operating profit (loss)		
Amortisation intangible assets	879	2 236
Depreciation tangible assets	9 021	12 741
Depreciation right-of-use assets	7 693	7 784
Amortisation deferred charges long term	557	334
Impairments on goodwill, intangible and tangible fixed assets	2 120	0
EBITDA	17 384	46 668
EBITDA		
Restructuring charges	1 525	3 325
Other	161	6 861
Adjusted EBITDA	19 070	56 854
Operating profit (loss)		
Restructuring charges	1 525	3 325
Other	161	6 861
Impairments	(2 083)	0
Adjusted Operating profit (loss)	(3 282)	33 758
Total net financial debt		
	31 DEC 2020	30 JUN 2021
Non-current financial liabilities	70 426	284 493
Current financial liabilities	14 403	9 877
Cash	(79 255)	(87 597)
Other financial assets ¹	(999)	(204)
Net financial debt on statement of financial position	4 575	206 569
Factoring programs	0	45 205
Total net financial debt	4 575	251 775
¹ Hedging instruments and interest advances		
Gearing ratio (Net financial debt / Total equity)		
Total equity	334 780	354 848
Net financial debt on statement of financial position / Total equity	1.4%	58.2%
Total net financial debt / Total equity	1.4%	71.0%
Leverage ratio (Net financial debt / EBITDA)		
EBITDA (last 12 months)	51 609	80 893
Net financial debt on statement of financial position / EBITDA	0.1	2.6
Total net financial debt / EBITDA	0.1	3.1
Net working capital		
Inventories and contracts in progress	90 833	152 330
Trade receivables	102 726	168 426
Other receivables	57 929	36 268
Income tax receivables	1 452	2 390
Trade payables	(88 923)	(125 676)
Current contract liabilities	(15 183)	(18 067)
Income tax payables	(1 045)	(3 414)
Other amounts payable	(88 879)	(106 456)
Net working capital	58 910	105 801
Current ratio (= Current assets / Current liabilities)		
Current assets	333 665	448 481
Current liabilities	210 031	287 677
Current ratio (factor)	1.6	1.6

II. MANAGEMENT REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the comment of the management report, reference is made to the press release of 27 August 2021.

III. DECLARATION BY THE RESPONSIBLE OFFICERS

Mr Johnny Thijs (Chairman of the Board of Directors), Mr Olivier Chapelle (Chief Executive Officer) and Mr Jean-Pierre Mellen (Chief Financial Officer), certify in the name and on behalf of Recticel, that to the best of their knowledge the interim condensed consolidated financial information, for the period ended on 30 June 2021, prepared in accordance with the IAS 34 "Interim Financial Reporting", as adopted by the European Union, and with legal requirements 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 2021. The commentary on the overall performance of the Group included in the press release from page 1 to 11 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.

Brussels, 26 August 2021

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IV. STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

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, 2021 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 financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Sint-Stevens-Woluwe, 26 August 2021

The statutory auditor

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL

Represented by

Marc Daelman

Bedrijfsrevisor/Réviseur d'entreprises

V. GLOSSARY

- **IFRS measures**

Consolidated (data) : financial data following the application of IFRS 11, whereby Recticel's joint ventures 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, 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 continuing activities

Gearing : Net financial debt / Total equity

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

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. Proseat and Automotive Interiors

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

Net free cash-flow : Net free cash flow: is the sum of the (i) Net cash flow after tax from operating activities, (ii) the Net cash flow from investing activities and (iii) the Interest paid on financial 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 continuing activities.

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

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