2.4. Financial report

Financial calendar

Annual General Meeting	25.05.2021 (at 10:00 AM CET)
First half-year 2021 results	27.08.2021 (at 07:00 AM CET)
Third quarter 2021 trading update	29.10.2021 (at 07:00 AM CET)
Annual results 2021	25.02.2022 (at 07:00 AM CET)
First quarter 2022 trading update	28.04.2022 (at 07:00 AM CET)
Annual General Meeting	31.05.2022 (at 10:00 AM CET)
First half-year 2022 results	26.08.2022 (at 07:00 AM CET)
Third quarter 2022 trading update	28.10.2022 (at 07:00 AM CET)

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a These sections are an integral part of the Report by the Board of Directors, and comprise the information as required by the Belgian Company Code for the annual consolidated financial statements.

a These sections are an integral part of the Report by the Board of Directors and comprise the information as required by the Belgian Company Code for the annual consolidated financial statements.

2.4.1. Consolidated financial statements

The consolidated financial statements have been authorised for issue by the Board of Directors on 26 April 2021. They have been prepared in accordance with IFRS accounting policies, details of which are given below.

2.4.1.1. Consolidated income statement

in thousand EUR

Group Recticel	Notes*	2020	2019 restated[1]
Sales	**2.4.2.3.**	**828 792**	**878 521**
Distribution costs		(54 849)	(55 892)
Cost of sales		(616 913)	(653 965)
Gross profit	**2.4.2.4.1.**	**157 030**	**168 664**
General and administrative expenses	2.4.2.4.2.	(57 949)	(58 349)
Sales and marketing expenses	2.4.2.4.2.	(60 624)	(66 950)
Research and development expenses	2.4.2.4.2.	(9 281)	(10 643)
Impairment of goodwill, intangible and tangible assets	2.4.2.3.	(2 440)	(396)
Other operating revenues	2.4.2.4.3.	5 323	7 697
Other operating expenses	2.4.2.4.3.	(18 913)	(16 902)
Income from associates [2]	2.4.2.5.5.	703	1 294
Operating profit (loss)	**2.4.2.4.4.**	**13 850**	**24 416**
Interest income		909	2 759
Interest expenses		(4 329)	(5 541)
Other financial income		5 294	9 273
Other financial expenses		(7 018)	(10 711)
Financial result	**2.4.2.4.5.**	**(5 144)**	**(4 220)**
Income from other associates [2]		(5 790)	962
Impairment other associates		(5 525)	0
Change in fair value of option structures		1 103	3 762
Result of the period before taxes		**(1 506)**	**24 920**
Income taxes	2.4.2.4.6.	(4 025)	(886)
Result of the period after taxes - continuing operations		**(5 531)**	**24 034**
Result from discontinued operations	2.4.2.4.7.	68 686	683
Result of the period after taxes - continuing and discontinued operations		**63 155**	**24 717**
of which non-controlling interests		4	-44
of which share of the Group		63 151	24 761

* 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'. Due the loss of control as a result of the partial divestment of Automotive Interiors and the sale of Eurofoam, the 2019 consolidated income statement was restated to present their operations as discontinued operations.

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.

Following the divestment of 50% participation in Eurofoam, the publication of combined accounts has been discontinued.

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 Automotive Interiors

2.4.1.2. Earnings per share

in EUR

Group Recticel	Notes*	2020	2019 restated[1]
Number of shares outstanding (including treasury shares)		55 742 920	55 070 639
Weighted average number of shares outstanding (before dilution effect)		55 174 425	54 959 861
Weighted average number of shares outstanding (after dilution effect)		55 381 032	55 154 501
Earnings per share			
Earnings per share - continuing operations		(0.10)	0.44
Earnings per shares - discontinued operations		1.24	0.01
Earnings per share of continuing and discontinued operations		**1.14**	**0.45**
Earnings per share from continuing operations			
Basic	2.4.2.4.9.	(0.10)	0.44
Diluted	2.4.2.4.10.	(0.10)	0.44
Earnings per share from discontinued operations			
Basic	2.4.2.4.9.	1.24	0.01
Diluted	2.4.2.4.10.	1.24	0.01

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.

2.4.1.3. Consolidated statement of comprehensive income

in thousand EUR

Group Recticel	Notes*	2020	2019 restated
Result for the period after taxes		**63 155**	**24 718**
Other comprehensive income			
Items that will not subsequently be recycled to profit and loss			
Actuarial gains (losses) on employee benefits recognized in equity		420	(4 333)
Deferred taxes on actuarial gains (losses) on employee benefits		0	759
Currency translation differences		161	(18)
Share in other comprehensive income in joint ventures & associates	2.4.2.5.5.	(262)	(655)
Total		**319**	**(4 247)**
Items that subsequently may be recycled to profit and loss			
Hedging reserves		(70)	0
Currency translation differences		(9 227)	371
Foreign currency translation reserve difference recycled in the income statement		18 311	305
Deferred taxes on retained earnings		(113)	(68)
Share in other comprehensive income in joint ventures & associates	2.4.2.5.5.	(2 098)	158
Total		**6 803**	**766**
Other comprehensive income net of tax		**7 122**	**(3 481)**
Total comprehensive income for the period		**70 277**	**21 237**
Total comprehensive income for the period		**70 277**	**21 237**
of which attributable to the owners of the parent		70 273	21 243
of which attributable non-controlling interests		4	(6)

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

2.4.1.4. Consolidated statement of financial position

in thousand EUR

Group Recticel	Notes*	31 DEC 2020	31 DEC 2019 as published
Intangible assets	2.4.2.5.1.	14 806	14 306
Goodwill	2.4.2.3.1.	24 139	24 412
Property, plant & equipment	2.4.2.5.2.	173 000	227 617
Right-of-use assets	2.4.2.5.3.	75 377	105 110
Investment property		3 331	3 331
Investments in associates	2.4.2.5.4.	12 351	65 465
Investments in other associates	2.4.2.5.5.	11 030	0
Non-current receivables	2.4.2.5.6.	25 760	26 383
Other non-current contract assets	2.4.2.5.8.	0	11 138
Deferred tax assets	2.4.2.4.6.	25 298	24 108
Non-currrent assets		**365 092**	**501 870**
Inventories	2.4.2.5.7.	90 833	101 797
Trade receivables	2.4.2.5.9.	102 726	99 117
Other current contract assets	2.4.2.5.8.	0	11 300
Other receivables and other financial assets	2.4.2.5.9.	57 929	32 667
Income tax receivables		1 452	1 448
Other investments		170	154
Cash and cash equivalents	2.4.2.5.10.	79 255	48 479
Assets held for sale	2.4.2.5.11.	1 300	5 638
Current assets		**333 665**	**300 599**
TOTAL ASSETS		**698 757**	**802 469**
Capital	2.4.2.5.12.	139 357	138 494
Share premium		131 267	130 334
Share capital		**270 624**	**268 828**
Treasury shares		(1 450)	(1 450)
Other reserves		(22 487)	(25 621)
Retained earnings		98 760	51 226
Hedging and translation reserves		(11 372)	(18 287)
Equity (share of the Group)		**334 075**	**274 696**
Equity attributable to non-controlling interests		705	701
Total equity		**334 780**	**275 397**
Employee benefit liabilities	2.4.2.5.13.	52 342	57 860
Provisions	2.4.2.5.14.	18 979	6 905
Deferred tax liabilities	*2.4.2.4.6.*	12 173	10 023
Financial liabilities	2.4.2.5.15.	70 426	100 334
Non-current contract liabilities	2.4.2.5.8.	0	20 339
Other amounts payable		26	43
Non-current liabilities		**153 946**	**195 504**
Provisions	2.4.2.5.14.	1 598	5 759
Financial liabilities	2.4.2.5.15.	14 403	117 415
Trade payables	2.4.2.5.16.	88 923	93 008
Current contract liabilities	2.4.2.5.8.	15 183	32 832
Income tax payables		1 045	1 229
Other amounts payable	2.4.2.5.16.	88 879	81 325
Current liabilities		**210 031**	**331 568**
TOTAL EQUITY AND LIABILITIES		**698 757**	**802 469**

* The accompanying notes are an integral part of this statement of financial position. See also note 2.4.2.4.7. on discontinued activities.

2.4.1.5. Consolidated cash flow statement

in thousand EUR

Group Recticel	Notes *	2020	2019 restated[1]
OPERATING PROFIT (LOSS)	2.4.2.4.4.	**13 850**	**24 417**
Income from discontinued operations		68 692	683
Amortisation of intangible assets	2.4.2.5.1.	2 218	2 667
Depreciation of tangible assets	2.4.2.5.2.	42 658	51 736
Amortisation of deferred long term and upfront payment	2.4.2.4.4.	1 339	1 846
(Reversal) Impairment losses on intangible assets	2.4.2.5.1.	9	358
(Reversal) Impairment losses on tangible assets	2.4.2.5.2.	3 448	1 463
(Reversal) Impairment losses on goodwill, intangible and tangible assets		3 457	1 821
(Write-back)/Write-offs on assets		1 139	667
(Write-back)/Write-offs on shares affiliates		220	0
Changes in provisions		7 617	(6 740)
(Gains) / Losses on disposals of intangible and tangible assets		(132)	(3 740)
(Gains) / Losses on disposals of shares affiliates		(101 674)	0
Income from associates		(704)	(1 294)
Other non-cash elements		606	273
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS		**39 286**	**72 336**
Changes in working capital		**(31 154)**	**(938)**
Trade & Other long term debts maturing within 1 year		128	(91)
Tax credit (non-current receivables)		74	(639)
Income taxes paid		(5 188)	(3 899)
NET CASH FLOW FROM OPERATING ACTIVITIES (a)		**3 146**	**66 768**
Interests received		297	450
Dividends received		116	7 607
Investments in and subscriptions to capital increases		(2 376)	(7 476)
Increase of loans and receivables		(26 099)	1 188
Decrease of loans and receivables		40 093	0
Investments in intangible assets	2.4.2.5.1.	(4 412)	(4 502)
Investments in property, plant and equipment	2.4.2.5.2.	(24 315)	(50 489)
Net deferred charges long term		(545)	0
Disposals of property, plant and equipment	2.4.2.5.2.	4 640	1 907
Disposal of financial investments		0	20 614
Proceeds from affiliates and joint ventures disposals		176 303	0
Disposals of investments held for sale		1 967	(16)
NET CASH FLOW FROM DIVESTMENT (INVESTMENT) ACTIVITIES (b)		**165 669**	**(30 717)**
Interests paid on financial debt (c)		(2 147)	(2 453)
Interests paid on lease debt (c)		(125)	(146)
Dividends paid		(13 254)	(13 163)
Increase (Decrease) of capital		1 797	819
Increase of financial debt		97 523	51 169
Decrease of financial debt		(202 895)	(13 151)
Decrease of lease debt (d)		(20 573)	(24 466)
NET CASH FLOW FROM FINANCING ACTIVITIES (e)		**(139 674)**	**(1 391)**
Effect of exchange rate changes (f)		1 635	(697)
CHANGES IN CASH AND CASH EQUIVALENTS (a)+(b)+(e)+(f)		**30 776**	**33 963**
Net cash position opening balance		48 479	13 774
Net cash position closing balance		79 255	47 737
CHANGES IN CASH AND CASH EQUIVALENTS		**30 776**	**33 963**
NET FREE CASH FLOW (a)+(b)+(c)+(d)		**145 971**	**8 986**

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

in thousand EUR

Cash flows from discontinued activities	2020		2019	
	Automotive Interiors	Eurofoam	Automotive Interiors	Eurofoam
NET CASH FLOW FROM OPERATING ACTIVITIES	(12 053)	0	15 344	0
NET CASH FLOW FROM DIVESTMENT (INVESTMENT) ACTIVITIES	10 620	181 347	(5 954)	6 300
NET CASH FLOW FROM FINANCING ACTIVITIES	(9 731)	0	(7 179)	0
Effect of exchange rate changes	1 054	0	69	0
CHANGES IN CASH AND CASH EQUIVALENTS	**(10 110)**	**181 347**	**2 280**	**6 300**

The key elements contributing to the 2020 cash flow statement are highlighted in the above table. The change in working capital is mainly the result of not using any factoring lines per 31 December 2020, compared to prior period. In 2020 the Operating profit (loss) only incorporates 'Income from associates', i.e. associates which are considered core activities. Therefor 'Income from other associates' – i.e. associates of non-core businesses – and related options are not reflected in the above cash flow statement for 2020; since these are non-cash items.

Changes in financial liabilities

For the year ending 31 December 2020

in thousand EUR

Group Recticel	31 DEC 2019	Cash flows in 2020	Non-cash changes									31 DEC 2020
			New leases	Reassess-ment IFRS 16	Cost of debt			Amortisation	Transfer	Exchange differences	Change in scope	
					Interests accrued	Fair value of hedging instruments	Actualisation					
Long term borrowings	19 773	(5 564)	0	0	0	0	54	286	0	152	0	14 701
Short term borrowings	100 922	(98 161)	0	0	0	0	0	(70)	0	(5)	23	2 708
Lease liabilities	96 398	(20 852)	18 638	(48)	2 742	0	129	0	(219)	(1 398)	(28 524)	66 868
Accrued interest liabilities	657	(1 753)	0	0	1 536	2	0	(0)	0	120	(9)	553
Total liabilities from financing activities	**217 750**	**(126 329)**	**18 638**	**(48)**	**4 278**	**2**	**184**	**216**	**(219)**	**(1 131)**	**(28 510)**	**84 830**

Change in scope relates to Automotive Interiors.

see note 2.4.2.5.15. – Financial liabilities and note 2.4.2.5.3. – Right-of-use assets.

For the year ending 31 December 2019

in thousand EUR

Group Recticel	31 DEC 2018	Cash flows in 2019	Non-cash changes								31 DEC 2019
			Change in accounting policy IFRS 16	Reassessment IFRS 16	Cost of debt			Transfer	Exchange differences	Change in scope	
					Interests accrued	Fair value of hedging instruments	Actualisation				
Long term borrowings	17 201	4 408	0	0	0	0	0	(1 778)	(58)	0	19 773
Short term borrowings	88 683	30 175	0	0	20	0	0	1 778	2	(19 734)	100 922
Lease liabilities	18 144	(21 177)	118 139	(24 576)	0	0	4 357	0	1 511	0	96 398
Accrued interest liabilities	700	(2 453)	0	0	2 302	(95)	0	0	(28)	232	657
Total liabilities from financing activities	**124 727**	**10 953**	**118 139**	**(24 576)**	**2 321**	**(95)**	**4 357**	**0**	**1 427**	**(19 502)**	**217 750**

Change in scope relates to Proseat.

see note 2.4.2.5.15. – Financial liabilities and note 2.4.2.5.3. – Right-of-use assets.

2.4.1.6. Statement of changes in shareholders' equity

For the year ending 31 December 2020

in thousand EUR

Group Recticel	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences and hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non-controlling interests included
Balance at 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	(13 299)	0	(13 299)	0	(13 299)
Stock options (IFRS 2)	0	0	0	609	0	0	609	0	609
Capital movements [1]	863	933	0	0	0	0	1 796	0	1 796
Shareholders' movements	**863**	**933**	**0**	**609**	**(13 299)**	**0**	**(10 894)**	**0**	**(10 894)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**63 151**	**0**	**63 151**	**4**	**63 155**
Other comprehensive income	0	0	0	2 464	(2 252)	6 910	7 122	0	7 122
Total comprehensive income	**0**	**0**	**0**	**2 464**	**60 899**	**6 910**	**70 273**	**4**	**70 277**
Reclassification	0	0	0	61	(61)	0	0	0	0
Balance at 31 December 2020	**139 357**	**131 267**	**(1 450)**	**(22 487)**	**98 766**	**(11 378)**	**334 075**	**705**	**334 780**

[1] see note 2.4.2.5.12.

For the year ending 31 December 2019

in thousand EUR

Group Recticel	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences and hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non-controlling interests included
Balance at 31 December 2018	**138 068**	**129 941**	**(1 450)**	**(19 214)**	**39 636**	**(22 003)**	**264 978**	**0**	**264 978**
Dividends	0	0	0	0	(13 254)	0	(13 254)	0	(13 254)
Stock options (IFRS 2)	0	0	0	485	0	0	485	0	485
Capital movements [1]	426	393	0	(100)	100	0	819	0	819
Change in scope	0	0	0	0	0	0	0	745	745
Shareholders' movements	**426**	**393**	**0**	**385**	**(13 154)**	**0**	**(11 950)**	**745**	**(11 205)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**24 762**	**0**	**24 762**	**(44)**	**24 718**
Other comprehensive income	**0**	**0**	**0**	**(6 725)**	**(84)**	**3 715**	**(3 094)**	**0**	**(3 094)**
Reclassification	0	0	0	(67)	67	0	0	0	0
Balance at 31 December 2019	**138 494**	**130 334**	**(1 450)**	**(25 621)**	**51 227**	**(18 288)**	**274 696**	**701**	**275 397**

[1] see note 2.4.2.5.12.

2.4.2. Notes to the consolidated financial statements for the year ending 31 December 2020

2.4.2.1. Summary of significant accounting policies

2.4.2.1.1. Statement of compliance - basis of preparation

Recticel s.a./n.v. (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").

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The accounting standards applied in the consolidated financial statements for the year ended 31 December 2020 are consistent with those used to prepare the consolidated financial statements for the year ended 31 December 2019, except for changes in accounting policies mentioned in the note herebelow.

2.4.2.1.2. Changes in accounting policies and disclosures

Standards and interpretations applicable for the annual period beginning on or after 1 January 2020

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Business Combinations: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1
- Amendments to references to the Conceptual Framework in IFRS standards

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2020

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021)

- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

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'. Due the loss of control as a result of the partial divestment of Automotive Interiors and the sale of Eurofoam, the 2019 consolidated income statement was restated to present their operations as discontinued operations.

In addition, the former concept of 'Associates' has been replaced by 'Associates' and 'Other associates'. Going forward 'Associates' are considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam; whereas 'Other associates' are not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat and Automotive Interiors.

2.4.2.1.3. General principles

Currency of accounts

The financial statements are presented in thousand euro (EUR) (unless specified otherwise), which is the currency of the primary economic environment in which the Group operates. The financial statements of foreign operations are translated in accordance with the policies set out below under 'Foreign Currencies'.

Historical cost convention

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below. Investments in equity instruments which are not quoted in an active market and whose fair value cannot be reliably measured by alternative valuation methods are carried at cost.

Foreign currencies

Foreign currency transactions - Transactions in currencies other than EUR are accounted for at the exchange rates prevailing at the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at closing rate. Non-monetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the exchange rates prevailing at the date the fair value was determined. Gains and losses resulting from such translations are recognised in the financial result of the income statement.

Translation from functional currency to the presentation currency - For purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at closing rate. Income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Resulting exchange differences are recognised in other comprehensive income and accumulated in equity (attributable to non-controlling interests as appropriate). On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), exchange differences accumulated in equity are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributable to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities (joint ventures) that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Consolidation principles
Consolidated financial statements include subsidiaries and interests in jointly controlled entities (joint ventures) and associates accounted for under the equity method.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group transactions, balances, income and expenses are eliminated in consolidation.

• Subsidiaries
Subsidiaries are entities that are controlled directly or indirectly. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Consolidation of subsidiaries starts from the date Recticel controls the entity until the date such control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

However, when the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

• Jointly controlled entities
IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement.

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share in any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Following the divestment of its 50% stake in Eurofoam on 30 June 2020 and the decrease from 50% to 25% in Proseat on 19 February 2019, Recticel has no interest in joint ventures. Investments accounted for using the equity method are currently only consisting of associates.

• *Joint Ventures and Associates*

The results and assets and liabilities of joint ventures and associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in a joint venture and an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the venture and the associate. When the Group's share of losses of a venture and an associate exceeds the Group's interest in that joint venture and associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture and associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture and associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a joint venture and an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

IAS 28.28 only permits recognition of the gain or loss from downstream transactions "to the extent of unrelated investors' interests in the associate or joint venture". However, the standard does not specifically address the treatment of revenue derived from transactions with equity-method investees (i.e. revenue from the sale of goods, or interest revenue) and whether that revenue should be eliminated from the consolidated financial statements.

In respect of the treatment of revenues derived from transactions with joint ventures and associates (i.e. sales services, interest revenue, …), the Group has opted not to eliminate its interest in these transactions. As a matter of example, Recticel receives EUR 100 interest income on a loan provided to a 50/50 joint venture. Under the accounting policy adopted by Recticel this interest income would be accounted for as EUR 100 interest income of the Group. The cost incurred by the joint venture would be accounted for on a proportional (50%) basis through "results in joint ventures and associates" without making any adjustment for the proportional interest held by Recticel.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture and an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of fair value and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of a joint venture and an associate that results in the Group losing significant influence over that joint venture and associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the joint venture and associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the joint venture and associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture and associate on the same basis as would be required if that joint venture and associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture and associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that joint venture and associate.

Investments accounted for using the equity method are currently only consisting of associates. In the income statement, the results from associates are split between 'Associates' and 'Other associates'. As such, 'Associates' are considered as being part of the Group's core business and are integrated in Operating profit (loss); i.e. currently Orsafoam; whereas 'Other associates' are not considered as being part of the Group's core business and are not integrated in Operating profit (loss); i.e. currently Proseat and Automotive Interiors.

• Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

When Recticel acquires an entity or business, the identifiable assets and liabilities of the acquiree are recognised at their fair value at acquisition date, except for:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Where such a difference is negative, the excess is, after a reassessment of the values, recognised as income immediately as a bargain purchase gain.

Non-controlling interests (minority shareholders) that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If Recticel increases its interest in an entity or business over which it did not yet exercise control (in principle increasing its interest up to and including 50% to 51% or more) (a business combination achieved in stages), the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (maximum one year after acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

After initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Goodwill
Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

Goodwill is reviewed for impairment at least annually. Any impairment loss is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the related goodwill is included in the determination of the profit or loss on disposal.

Property, plant and equipment
An item of property, plant and equipment is recognised if it is probable that associated future economic benefits will flow to the Group and if its cost can be measured reliably. After initial recognition, all items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, except for land which is not depreciated. Cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent expenditure related to an item of property, plant and equipment is expensed as incurred.

Depreciation is provided over the estimated useful lives of the various classes of property, plant and equipment using the straight-line method. Depreciation starts when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Project-related assets are depreciated over the production period of the project. In case of reallocation of fully depreciated assets, the latter might require a reconditioning. These reconditioning costs are amortised over the term of the new project, without additional revaluation or reversal of any impairments.

The estimated useful lives of the most significant items of property, plant and equipment are within the following ranges:

Land improvements	: 25 years
Offices	: 25 to 40 years
Industrial buildings	: 25 years
Plants	: 10 to 15 years
Machinery	
Heavy	: 11 to 15 years
Medium	: 8 to 10 years
Light	: 5 to 7 years
Pre-operating costs	: 4 years
Equipment	: 5 to 10 years
Furniture	: 5 to 10 years
Hardware	: 3 to 10 years
Vehicle fleet	
Cars	: 4 years
Trucks	: 7 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Leases

The Group has several leases for properties, machinery and equipment and cars and the rental contracts are typically closed for a fixed period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and corresponding liability at the date of commencement of the lease, i.e. when the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis if the lease does not include a purchase option. If a purchase option is available and the Group judges that it is reasonably certain to be exercised, the right-of-use asset is depreciated over its useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- purchase option, if any - if the lessee is reasonably certain to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs (except for the leases already existing at transition date), and
- dismantling costs.

Right-of-use assets are presented separately and lease liabilities as part of financial liabilities in the statement of financial position. All lease payments that are due within 12 months are classified as current liabilities. All lease payments that are due at least 12 months after the reporting date are classified as non-current liabilities.

Lease payments related to short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly IT-equipment (laptops, tablets, mobile phones, pc's) and small items of office equipment and furniture.

Some leases contain variable lease payments. Payments that vary due to the use of the underlying asset are variable lease payments (e.g. lease of property based on the number of square meters used). These variable lease payments are recognised as expense as incurred.

There are no material lease agreements whereby the Group is lessor; except for one building rented to the Eurofoam group.

Impairment of tangible and intangible assets

Except for goodwill and intangible assets with an indefinite useful life which are tested for impairment at least annually, other tangible and intangible fixed assets are reviewed for impairment when there is an indication that their carrying amount will not be recoverable through use or sale. If an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell or value-in-use and the carrying amount. In assessing the fair value or value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in previous years. However, impairment losses on goodwill are never reversed.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Financial assets
Financial assets are recognised or derecognised on the trade date which is the date the Group undertakes to purchase or sell the asset. Financial assets are initially measured at fair value, except for trade receivables. Trade receivables are measures at their transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets are added to the fair value of the financial assets on initial recognition, except for financial assets at fair value through profit or loss, where the transaction costs are recognised immediately in profit or loss.

After initial recognition, financial assets are measured at either amortised cost or fair value, based on the classification of the financial assets.

• Classification of financial assets
The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Debt instruments (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortised cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and margin points paid or received) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial investments (equity investments) are normally measured in the consolidated statement of financial position at fair value through profit or loss. However, the Company can make an irrevocable election at initial recognition to measure the investment at fair value through other comprehensive income ("FVTOCI"), with dividend income recognised in profit or loss. Equity investments in non-listed companies are designated as financial assets at FVTOCI.

• Impairment of financial assets
IFRS 9 requires a forward-looking expected credit loss ("ECL") approach to assess impairments of financial assets. As such, the Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

IFRS 9 provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables without a significant financing component (short-term trade receivables). These credit losses are the expected credit losses that result from all possible default events over the expected life of those trade receivables, using a provision matrix that considers historical information on defaults adjusted for forward-looking information.

For long-term loans to related parties the general impairment assessment model is applied. IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit loss.

Management has concluded that it would require undue cost and effort to determine the credit risk of each loan on their respective dates of initial recognition. Accordingly, the Group recognises lifetime expected credit losses for these loans until they are derecognised.

IFRS 9 applies the same measurement approach to loan commitments and financial guarantee contracts (other than measured at fair value through profit or loss).

• Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On the entire derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, is recognised in profit or loss.

On the partial derecognition of a financial asset other than its entirety (i.e. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration is recognised in profit or loss.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Financial liabilities and equity instruments
An instrument is classified as a financial liability or as an equity instrument according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

• Compound financial instruments
The components of compound instruments (e.g. convertible notes) issued by the Company are classified separately as debt component and equity component in accordance with the substance of the contractual arrangements and the definitions of the debt portion and an equity portion of such instrument.

At the time the conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, such compound instrument is re-qualified as an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised costs basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The value of the conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

In addition, the conversion option classified as equity will at conversion be transferred to share premium or other equity item.

When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to financial liability. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities
Financial liabilities (including interest-bearing borrowings and trade payables) are initially measured at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Subsequently, they are measured at amortised cost, except for derivative instruments.

• Interest-bearing borrowings and payables
Interest-bearing borrowings are recorded at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value (including premiums payable on settlement or redemption) is recognised in the income statement over the period of the borrowing.

Trade payables which are not interest-bearing are stated at cost, being the fair value of the consideration to be paid.

• Derivative financial instruments
Derivative instruments with a negative fair value are classified at fair value through profit and loss ("FVTPL"), unless they are designated and effective as hedges.

Hedge accounting
The Group may designate certain derivatives, in respect of interest rate risk and foreign exchange rate risk, as hedging instruments in a cash flow hedge relationship.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

• Cash flow hedges
Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or a forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

• Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency reserve. The gain or loss to the ineffective portion is recognised immediately in profit and loss.

• Fair value hedges
A derivative instrument is recognised as fair value hedge when it hedges the exposure to variation of the fair value of the recognised assets or liabilities. Derivatives classified as a fair value hedge and the hedged assets or liabilities are carried at fair value. The corresponding changes of the fair value are recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Employee benefit liabilities

• Post-employment benefits

In accordance with the laws and practices of each country, the affiliated companies of the Group operate defined benefit and defined contribution retirement benefit plans. It is Group policy to operate defined contribution plans for newly-hired employees where this is possible and appropriate.

Contributions payable to defined contribution plans are recognised as an expense in the period in which the related employee's service is rendered.

For defined benefit plans, the amount recognised in the statement of financial position is the present value of the defined benefit obligation less the fair value of any plan assets.

If the amount to be recognised in the statement of financial position is an asset, the asset recognised is restricted to the asset ceiling, which is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

For funded plans subject to a minimum funding requirement, where contributions payable to cover an existing shortfall on the minimum funding basis in respect of services already received are not available as a refund or reduction in future contributions after they are paid into the plan, an additional "onerous" liability is recognised where necessary, in accordance with IFRIC 14.

In the income statement, current and past service costs (including curtailments), settlement costs and administration expenses are charged in "other operating revenues & expenses", while the net interest cost is booked in "other financial income & expenses".

The present value of the defined benefit obligation and the related current and past service costs are calculated by qualified actuaries using the projected unit credit method. The discount rate is based on the prevailing yields of high-quality corporate bonds terms with a currency and term consistent with the currency and term of the benefit obligations. For currencies for which there is no deep market in such bonds, government bonds are taken into account.

The fair value of insurance contracts that match the amount and timing of some or all of the benefits payable under a plan is deemed to be the present value of the related obligations.

Remeasurements include actuarial gains and losses, resulting from differences between previous actuarial assumptions and actual experience, and from changes in actuarial assumptions, the return on plan assets and any changes in the effect of the asset ceiling and/or onerous liability (excluding amounts included in net interest). Such remeasurements are recognised in other comprehensive income.

Past service costs, arising from plan amendments, are recognised immediately as an expense.

Defined contribution pension plans in Belgium and Switzerland are 'hybrid' pension plans that qualify as defined benefit plans for IFRS purposes, because they are by law subject to minimum guaranteed rates of return and have to guarantee minimum annuity conversion rates. There is hence a risk that the Company may have to pay additional contributions related to past service. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guarantees.

• Termination benefits

A liability and expense for termination benefits is recognised at the earlier of the following dates: (a) when the offer of those benefits can no longer be withdrawn; and (b) when costs are recognised for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black & Scholes model. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 2.4.2.6.2.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that eventually will be vested.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 and that vested after 01 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled shared-based payments.

Provisions

• General
Provisions are recognised when (i) the Group has a present obligation (legal or constructive) as a result of a past event, (ii) it is probable that the Group will be required to settle the obligation, and (iii) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount is the present value of expenditures required to settle the obligation. Impacts of changes in discount rates are generally recognised in the financial result.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received if the Group settles the obligation.

• Onerous contracts
An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Present obligations arising from onerous contracts are recognised and measured as provisions.

• Restructurings
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has, by starting to implement the plan or announcing its main features to those affected by it, raised a valid expectation with those affected that it will carry out the restructuring. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

• Environmental liabilities
Recticel analyses twice a year all its environmental risks and the corresponding provisions. The Group measures these provisions to the best of its knowledge of applicable regulations, the nature and extent of the pollution, clean-up techniques, and other available information.

Revenue recognition
IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated and revenue is recognised at that point in time.

To recognise revenue, IFRS 15 applies a "five steps" model:
- identify the contract(s) with a customer.
- identify the performance obligations in the contract.
- determine the transaction price.
- allocate the transaction price to each performance obligation.
- recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

• *Transaction price*
The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.

The most common types of variable consideration that can be identified are:

- Volume discounts (Flexible Foams, Bedding, Insulation)
- Year-end rebates (Flexible Foams, Bedding, Insulation)
- Adjustments to cope with changes in raw material prices on a prospective basis (Flexible Foams).

It is not unusual to agree on yearly supply agreements with the customer which fixes the selling prices of the goods for the relevant year. These agreements do not include any commitments to volumes made by the customer. The amount of revenue recognised is adjusted for expected rebates and discounts. A contract liability is being recognised upon selling the goods to the customer and released when the credit note is issued.

If a credit note is issued to the customer to compensate for quality claims, this shall be recognised as a reduction of the revenues.

The most common types of considerations paid to the customer (in bedding and insulation) relate to:

- Participation to flyers
- Participation to advertising campaigns
- Promotional in-store activities

The considerations paid to participate in the customer's flyers shall be deducted from revenue as the services provided by the customer to the Group can generally not be considered as being distinct.

• *Point in time or over time recognition*
A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Main part of the revenue of the Group is recognised at a point in time, i.e. at the moment the goods are transferred to the customer, except for the revenue generated by the Automotive business for the sale of moulds.

The Group serves global Tier-1 customers as well as Original Equipment Manufacturers (OEM) in the automotive sector. Parts are produced with moulds purchased on behalf of the Tier 1 / customer. These moulds are re-invoiced to the Tier 1 / customer.

Customers obtain control of the products when the goods are delivered to and have been accepted at their premises.

The parts have no alternative use and there are enforceable rights to payment, therefore revenue is recognised over time. As the production time is very short, Recticel however opted to recognise revenue in respect of the parts at a point in time for practical reasons.

The mould is not a distinct performance obligation but is to be combined with the parts to be produced. The revenue on the moulds as it has to be combined with the delivery of the parts, is recognised over time.

Recticel applies a linear recognition of revenue as this does not result in material differences of revenue recognition in the income statement compared to the revenue recognition that would have to be applied in accordance with the principles of IFRS 15:

a. the price contractually defined in respect of the mould is recognised pro rata the number of parts delivered in relation to Recticel's best estimate of what they believe are probable quantities to be delivered under the contract;
b. Revenue on the parts is recognised based on the actual number of parts sold multiplied by the agreed price per unit.

Moulds revenues and costs are recognised over four years (as this is average term of the production of the parts) as from the moment serial parts are delivered to the customer (i.e. start of production), regardless of the moment when the mould costs are reimbursed by the customer. Before the start of production, an "Other contract asset – contracts in progress" is recognised for all purchase and development costs of the moulds incurred and released as from the start of production over four years.

Interest income & expenses
Interest income/expenses is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts/outflows throughout the expected life of the financial asset/liability to that asset/liability's net carrying amount.

Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to staff training costs are recognised as income over the periods required to match them with the related costs and are deducted from the related expense.

Government grants relating to property, plant & equipment are treated by deducting the received grants from the carrying amount of the related assets. These grants are recognised as income over the useful life of the depreciable assets.

Income taxes
The tax expense represents the sum of the current tax expense and deferred tax expense.

The current tax expense is based on taxable profit for the year. Taxable profit differs from result of the period before taxes as reported in the income statement because it excludes items of income or expenditure that are taxable or deductible in other years and items that will never become taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and when it is probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liabilities have been recognised on undistributed retained earnings of subsidiaries, associates and joint ventures, as the impact is not material.

The carrying amount of deferred tax assets is reviewed at least at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.4.2.1.4. Major sources of estimation uncertainty and key judgments

No key judgements were made in the preparation of the financials and there were no major sources of estimation uncertainty. All other items noted below are related to normal judgements and estimates.

Drawing up the annual accounts in accordance with IFRS requires management to make the necessary judgments, estimates and assumptions. The management bases its estimates and assumptions 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. Judgments and estimates were made, inter alia, regarding:

- impairments of goodwill, intangible assets, property, plant and equipment and right-of-use assets;
- determination of loss allowances for expected credit losses;
- determination of write-downs on inventories;
- determination of provisions for restructurings;
- determination of provisions for onerous contracts;
- determination of provisions for contingent liabilities, litigations and other exposures;
- valuation of post-employment defined benefit obligations, other long-term employee benefits and termination benefits;
- the recoverability of deferred tax assets;
- the recognition of revenue related to the sale of moulds over a period of 4 years;
- the assessment of the lease term is used as judgement within IFRS 16.

It is not excluded that future revisions of such estimates and judgments could trigger an adjustment in the value of the assets and liabilities in future financial years.

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

For amortizable long-term assets, an impairment assessment will in first place be made at the level of the individual asset. Only when it is not possible to estimate a recoverable value on an individual level, the evaluation will be made at the level of the cash generating unit (hereafter "CGU") to which the asset belongs. For amortizable long-term assets, an impairment analysis should be performed in case of impairment indicators. If such indicators exist, an impairment analysis shall be performed at the CGU level.

For **goodwill** (and other not depreciated long term assets) an impairment test is performed at least annually. The carrying amount can be allocated on a reasonable and consistent basis. The allocation of goodwill to a CGU or a group of CGUs also takes account of the synergies of the business combination expected by the decision maker. Goodwill can be allocated for impairment testing to a group of CGUs, if the chief operating decision maker considers this as the most appropriate allocation. There is a link between the level at which goodwill is tested for impairment and the level of internal reporting that reflects the way the entity manages its operations and with which the goodwill is associated (as such it cannot exceed the level of the reported segments as defined by IFRS 8).

As a result of the COVID-19 pandemic sales dropped sharply in 2Q2020 in many countries in where Recticel is active. The decline in performance resulting from the COVID-19 pandemic is viewed as a triggering event for impairment testing in accordance with IAS 36 Impairment of Assets. Consequently, an impairment test was performed for the CGU's with the highest capital employed to EBITDA ratio.

For the segment **Flexible Foams**, the CGU level is defined following the market and production capacities. This approach leads to the determination of four CGUs:

- CGU "Flexible Foams - United Kingdom";
- CGU "Flexible Foams - Continental Europe";
- CGU "Flexible Foams - Scandinavia";
- CGU "Flexible Foams - International".

For the segment **Bedding**, the CGU level is defined as the Bedding segment level as a whole, considering the strong interdependence between the different markets, the shared production capacities as well as the central decision-making process.

For the segment **Insulation**, the CGU level is defined following the market and production capacities. This approach leads to the determination of three CGUs:

- CGU "Insulation - United Kingdom";
- CGU "Insulation - Continental Europe".
- CGU "Insulation – Scandinavia".

An impairment analysis was performed for the above CGUs considering the goodwill allocated to them.

The net book value of the assets retained for impairment tests, as included in the below table, represents 100% of the total goodwill.

For **2020:**

in thousand EUR

Group Recticel	Flexible Foams	Bedding	Insulation	Corporate	Total
United Kingdom	3 015	0	923	0	3 938
Continental Europe	1 062	0	2 211	0	3 273
Scandinavia	5 328	0	0	0	5 328
Other	0	11 600	0	0	11 600
Total net book value of goodwill	**9 405**	**11 600**	**3 134**	**0**	**24 139**

For **2019:**

in thousand EUR

Group Recticel	Flexible Foams	Bedding	Insulation	Corporate	Total
United Kingdom	3 186	0	976	0	4 162
Continental Europe	1 061	0	2 211	0	3 272
Scandinavia	5 411	0	0	0	5 411
Other	0	11 566	0	0	11 566
Total net book value of goodwill	**9 659**	**11 566**	**3 187**	**0**	**24 412**

The net book value of the assets retained for impairment tests, as included in the below table, represents about 73.4% of the total property, plant and equipment, 68.7% of the total intangible assets and 56.4% of the total right-of-use assets. The examined assets relate to (i) the Flexible Foams' activities in the United Kingdom, Continental Europe and Scandinavia, (ii) Bedding activities at the level of the whole segment and to (iii) the Insulation operations of the Group.

The below table provides an overview of impairments recognised by segment:

For **2020:**

in thousand EUR

Group Recticel	Flexible Foams			Bedding	Insulation	Total
	United Kingdom	Continental Europe	Scandinavia			
Goodwill	3 015	1 062	5 328	11 600	3 134	24 139
Other intangible assets	11	501	309	834	1 063	2 718
Property, plant & equipment	2 501	43 721	7 055	20 346	93 371	166 994
Assets under construction	1 189	7 004	1 056	5 175	3 736	18 160
Right-of-use assets	12 615	2 864	3 917	19 199	3 891	42 486
of which impairments recognised during the period	0	(1 273)	0	(1 072)	0	(2 345)

Footnote: Working capital is not included in the analysis.

Impairment charges are not linked to the general impairment analysis but relate mainly to (i) idle assets in Flexible Foams in Spain (EUR -1.3 million) and (ii) idle assets in Bedding following the closure of the Hassfurt (Germany) plant (EUR -1.1 million), which was sold in 2020.

The below table provides an overview of impairments recognised by segment:

For **2019:**

in thousand EUR

Group Recticel	Flexible Foams			Bedding	Insulation	Automotive	Total
	United Kingdom	Continental Europe	Scandinavia				
Goodwill	3 186	1 061	5 411	11 566	2 211	0	23 435
Other intangible assets	294	3 960	608	1 739	1 873	1 853	10 327
Property, plant & equipment	2 655	38 990	7 193	20 613	53 943	48 661	172 055
Assets under construction	943	14 205	909	2 711	1 675	3 974	24 417
Right-of-use assets	13 790	4 184	4 244	15 400	23 900	29 956	91 474
Total net book value	**20 868**	**62 400**	**18 365**	**52 029**	**83 602**	**84 444**	**321 708**
of which impairments recognised during the period	0	(63)	0	(287)	(46)	(1 425)	(1 821)

Footnote: Working capital is not included in the analysis.

Impairment charges are not linked to the general impairment analysis but relate mainly to (i) idle assets in Bedding following the closure of the Hassfurt (Germany) plant (EUR -0.3 million).

For the impairment test of the items included in the table above, certain assumptions were made. The impairment tests have been applied on the "cash-generating units" ("CGU") on the basis of the principles set out above. The recoverable amount of the total CGU is determined on the basis of the value-in-use model.

When determining its expected future cash flows, the Group takes into account prudent, though realistic, assumptions regarding the evolution of its markets, its sales, the raw materials prices, the impact of past restructurings and the gross margins, which all are based on (i) the past experiences of the management and/or (ii) which are in line with trustworthy external information sources. It can however not be excluded that a future reassessment of assumptions and/or market analysis induced by future developments in the economic environment might lead to the recognition of additional impairments.

For the discounting of the future cash flows, a uniform overall Group-based pre-tax discount rate of 8.2% is used for all CGUs (7.5% in 2019). This pre-tax discount rate is based on a (long-term) weighted average cost of capital based on the current market expectations of the time value of money and risks for which future cash flows must be adjusted; the risks being implicit in the cash flows.

For countries with a higher perceived risk (i.e. emerging markets), the level of investments is very limited (1.2% of total fixed assets); hence no separate pre-tax discount rate is used.

The pre-tax discount rate for impairment testing is based on the following assumptions: (EUR based)

	2020	2019
Group target ratios:	**2020**	**2019**
Gearing: net financial debt/total equity	50%	33.3%
% net financial debt	33%	25%
% total equity	67%	75%
Pre-tax cost of debt	**2.32%[1]**	**0.45%**
Pre-tax cost of equity = $(R_f + E_m * ß + S_p)/(1\text{-}T)$	**12.83%**	**11.8%**
Risk free interest rate = R_f	0.10%	0.45%
Beta = ß	1.39	1.20
Market equity risk premium = E_m	6.0%	6.0%
Small cap premium = S_p	1.65%	1.5%
Corporate tax rate = T	**21.6%**	**22.8%**
Assumed inflation rate	1.1%	1.8%
Pre-tax WACC (weighted average cost of capital)	**8.2%**	**7.5%**

[1] the 2020 pre-tax cost of debt integrates the impact of the FoamPartner acquisition (cfr 2.4.2.6.3. Events after the reporting date)

The discount factors are reviewed at least annually.

Due to the COVID-19 crisis, some assumptions of the sensitivity analysis have been modified compared to the assumptions used per year-end 2019.

A first sensitivity analysis (A) is performed to measure the impact of a changing WACC rate on the outcome of the impairment tests. A second sensitivity analysis (B) is performed to measure the impact of a changing gross margin (- 1%) on the outcome of the impairment tests. A third sensitivity analysis (C) is performance to measure the impact of a changing sales volume level (-5.0%). A fourth sensitivity analysis is performed to measure the combined impact of the above sensitivity analyses.

For the other cash generating units, current and expected results do not provide any particular impairment indicator, which would necessitate further impairment testing.

A. Flexible Foams

• Key assumptions

The dynamics of the business model, budgets and projected cash flows are based on stable cost structures which reflect inflation rates on labour and other costs, stable fixed costs and capital expenditure (except for the CGU Flexible Foams – United Kingdom). Gross margins and operating results are sensitive to the volatility of chemical raw material costs, which are unpredictable. Therefore, the budgets assume that increases or decreases in material costs are compensated through adaptations of the sales prices.

For the CGU "Flexible Foams – United Kingdom" and "Flexible Foams – Scandinavia" the value-in-use model projections are based on budgets and financial plans covering in total a three-year period with a sales growth rate of 3.00% as from the second year. After this 3-year period, a perpetuity value is taken into account without growth rate. For the first year (i.e. 2021) EBITDA is based on the full-year 2020 level and the full-year effect of the efficiency measures taken in 2020.

For the CGU "Flexible Foams – Continental Europe", the value-in-use model projections are based on budgets and financial plans covering in total a three-year period with a sales growth rate of 2.00% as from the second year. After this 3-year period, a perpetuity value is taken into account without growth rate.

On this basis, the value-in-use of the CGU "Flexible Foams – United Kingdom" amounts to 2.6 times (2019: 1.5 times) the net asset book value, the value-in-use of the CGU "Flexible Foams – Continental Europe" amounts to 2.9 times (2019: 3.6 times) the net asset book value, and the value-in-use of the CGU "Flexible Foams – Scandinavia" amounts to 6.0 times (2019: 4.5 times) the net asset book value.

• Sensitivity analysis

A first sensitivity analysis (A) is performed to measure the impact of a changing WACC rate (+1%) on the outcome of the impairment tests (see overview table below).

A second sensitivity analysis (B) is performed to measure the impact of a changing gross margin on sales (-1%) on the outcome of the impairment tests – applied on the business plan 2021-2023 and the perpetuity (see overview table below).

A third sensitivity analysis (C) is performed to measure the impact of a changing sales volume level (-5% as from 2022) on the outcome of the impairment tests (see overview table below).

A fourth sensitivity analysis is performed to measure the combined impact of the above sensitivity analyses.

For the sensitivity analyses it is assumed that all other parameters of the underlying assumptions, such as market evolution, sales, raw materials prices, impact of past restructurings and gross margins, operating charges, working capital needs, capital expenditure, …, remain unchanged.

Sensitivity	Discounted Cash Flow / Net asset base (including right-of-use assets)				
	Base case	1% increase of WACC (A)	1% decrease of gross margin on sales (B)	5% decrease of net sales (C)	Combination of (A), (B) and (C)
Flexible Foams - United Kingdom	2.6 times book value	2.3 times book value	2.2 times book value	1.7 times book value	1.3 times book value
Flexible Foams - Continental Europe	2.9 times book value	2.6 times book value	2.6 times book value	2.0 times book value	1.6 times book value
Flexible Foams - Scandinavia	6.0 times book value	5.4 times book value	5.7 times book value	4.9 times book value	4.1 times book value

B. Bedding

• Key assumptions

The dynamics of the business model, budgets and projected cash flows are based on stable cost structures which reflect inflation rates on labour and other costs, stable fixed costs and capital expenditure. Gross margins and operating results are mainly driven by the sales volumes, the product-mix and resulting average sales price, as well as the level of advertising and marketing expenses.

For the CGU "Bedding – Segment", the value-in-use model projections are based on budgets and financial plans covering a three-year period with an anticipated average sales growth of 1.00% (2019: 1.00%) as from the second year. After this 3-year period, a perpetuity value is taken into account without growth rate. For the first year (i.e. 2021) EBITDA is based on the full-year 2020 level and the full-year effect of efficiency measures taken in 2020.

On this basis, the value-in-use of the CGU "Bedding – Segment" amounts to 2.6 times (2019: 1.8 times) the net asset book value.

• Sensitivity analysis

A first sensitivity analysis (A) is performed to measure the impact of a changing WACC rate (+1%) on the outcome of the impairment tests (see overview table below).

A second sensitivity analysis (B) is performed to measure the impact of a changing gross margin (-1%) on the outcome of the impairment tests (see overview table below).

A third sensitivity analysis (C) is performance to measure the impact of a changing sales volume level (-5% as from 2022) on the outcome of the impairment tests (see overview table below).

A fourth sensitivity analysis is performed to measure the combined impact of the above sensitivity analyses.

For the sensitivity analyses it is assumed that all other parameters of the underlying assumptions remain unchanged.

Sensitivity	Discounted Cash Flow / Net asset base (including right-of-use assets)				
	Base case Sales growth rate of 1.0% in 2022 and 2023 and 0% thereafter	1% increase of WACC (A)	1% decrease of gross margin on sales (B)	5% decrease of net sales (C)	Combination of (A), (B) and (C)
Bedding	2.6 times book value	2.3 times book value	1.9 times book value	1.4 times book value	0.7 times book value

Loss allowances for expected credit losses

A loss allowance for expected credit losses is recognised for trade debtors for which a risk of total or partial non-recovery of outstanding receivables exists due to the debtor's poor financial condition or for economic, legal or political reasons. The decision to classify a receivable as doubtful will be made by the management on the basis of all information available to them at any time. In line with the Group accounting principles, details on the amounts of the loss allowance for expected credit losses can be found in note 2.4.2.5.9.

Since the outbreak of the COVID-19 crisis the Group's credit management processes have proven their effectiveness leading to a reducing trend in the number of overdue customers, and no significant credit losses. COVID-19 did not lead to an increase of the default rates used to calculate the expected credit losses.

One Bedding customer in Germany and a Flexible Foams customer in the United Kingdom filed for insolvency. The credit insurance in place indemnified Recticel for the quasi full amount outstanding.

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 supportable 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.

Loans granted to Associates included a shareholder's loan of EUR 8.5 million granted in February 2019 to Proseat – which was fully reimbursed in 2020 - and a new subordinated vendor loan of EUR 10 million (maturity 2027) granted on 30 June 2020 to TEMDA2 GmbH, the new Automotive joint venture which acquired the Automotive Interiors activities (cfr. 2.4.2.4.7.). On the basis of the assessment performed by the management no adjustment is to be made to the value of the latter loan.

Put/call options on discontinued operations Proseat and 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 within three years if Sekisui exercises its call option during this period, or after three years (in March 2022) when Recticel can exercise its put option.

Per 31 December 2020, the fair value of the Proseat option amounted to EUR 4.9 million (2019: EUR 3.8 million). On 31 December 2020, an additional EUR +1.1 million adjustment has been made to the fair value of this put/call structure on the Proseat participation. A sensitivity analysis was performed by management on the Proseat option value. A negative deviation versus the 2021 budgeted cash flow of -20% would result in a reduction of the option value by EUR -0.6 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 31 December 2020. Per 31 December 2020, the fair value of the option amounted to a zero value.

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 & Sholes option price formula, with the following key assumptions : (i) spot price equal to the estimated enterprise value per end December 2020, (ii) automotive parts' sector volatility, (iii) maturity based on terms and conditions set out in the initial share purchase agreement, (iv) a risk-free interest rate of -0.68% and (iv) a dividend yield of 0%.

Provisions for restructurings and onerous contracts

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has, by starting to implement the plan or announcing its main features to those affected by it, raised a valid expectation in those affected that it will carry out the restructuring.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

In line with the Group accounting principles, details on the amounts of provisions for restructurings and onerous contracts can be found in notes 2.4.2.3.1., 2.4.2.4.3. and 2.4.2.5.14.

Provisions for contingent liabilities, litigations and other exposures

Any significant litigation (tax and other, including threat of litigation) is reviewed by Recticel's in-house lawyers with the support, when appropriate, of external counsels at least every half-year. This review includes an assessment of the need to recognise provisions and/or to re-measure existing provisions together with the Finance department and the Insurance department. Further details are provided in note 2.4.2.6.9.

Valuation of post-employment defined benefit obligations, other long-term employee benefits and termination benefits

The actuarial assumptions used in determining the defined benefit obligations at December 31, and the annual cost, can be found in note 2.4.2.5.13. All main employee benefit plans are assessed annually by independent actuaries. Discount rates and inflation rates are defined centrally by management. Other assumptions (such as future salary increases and demographic assumptions) are defined at a local level. All plans are supervised by the Group's central Human Resources department with the help of a central actuary to check the acceptability of the results and ensure consistency in reporting.

Current and deferred tax

All tax returns are prepared in good faith based on the available information, with often the assistance of external tax advisors. There are several tax audits ongoing in the Group, notably in Germany. The result of these tax audits is not yet clear as the Group is still in a situation of fact finding. It is currently unclear whether any potential finding would lead to a loss of tax losses carried forward or income taxes to be paid. Until now, no material tax corrections have taken place. However, important tax corrections can never be excluded. In such case, Recticel will defend its position, always in full collaboration with the tax authorities.

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 carry forwards. For this purpose, management bases recognition of deferred tax assets on its business plans (see note 2.4.2.4.6). In this respect, and despite the impact of COVID-19, sufficient taxable profits are expected to be generated going-forward.

Net deferred tax assets decreased from EUR 14.1 million to EUR 13.1 million, mainly due to the changes in scope following the partial divestment of the Automotive Interiors activities. The remaining variances impacted the income statement by EUR 0.02 million and the equity by EUR 0.1 million.

Deferred tax assets are recognised mainly in Belgium (Recticel n.v. – EUR 21.4 million); Spain (Recticel Iberica – EUR 2.7 million), France (Recticel SAS – EUR 4.9 million), the United Kingdom (Recticel Ltd. - EUR 4.5 million) and Poland (Recticel Sp.z.o.o. – EUR 1.0 million) (amounts before offset with deferred tax liabilities).

Assets held for sale

End December 2020, the Group owns an industrial site in Legutiano (Spain), which is currently held for sale. Given the current situation of the real estate market in these locations, an impairment has been booked.

2.4.2.1.5. COVID-19 impact

The assessments and estimates made for the period ended 31 December 2020 are similar to the ones disclosed in the Group's consolidated financial statements as at and for the year ended 31 December 2019, with the exception of the impact of the COVID-19 pandemic.

Since the COVID-19 outbreak, our first priority has been to ensure and secure a safe and healthy workplace for our employees. So far the number of confirmed infection cases was limited (<4% of workforce), and presumably none of these infections originated in the workplace.

The COVID-19 pandemic led to the temporary closure of multiple plants in 2Q2020 and led to contingency measures to contain costs like reduced sales & advertising expenses and the use of technical unemployment measures to reduce payroll costs.

Since early June all our plants are operating again, adapting activity levels to market demand.

The COVID-19 crisis and subsequent governmental lockdown measures in most countries have led to a decrease of our 2Q2020 sales by 32.3% compared to last year, with a slightly positive 2Q2020 Adjusted EBITDA. After a low point of -51.5% in April 2020 versus April 2019, the sales shortfall versus 2019 has progressively reduced. After a first half-year which was severely impacted by the first wave of the COVID-19 pandemic (-17.5% y/y), sales recovered strongly in the second half-year (+7.0% y/y). Despite the development of a second COVID-19 wave since the autumn, sales increased over the third (+2.5%) and fourth quarter (+11.5%), supported by recovering volumes and higher selling prices, compensating for the steep increase in chemical raw material costs induced by many force majeure events at our main suppliers.

Recticel's activity, operating result, cash flow and financial condition have been negatively impacted by the COVID-19 pandemic and may continue to be negatively impacted. As a consequence of the COVID-19 pandemic Recticel has experienced disruptions to its ability to operate its production facilities in some countries, and in the future, it may experience further disruption as a result of regulatory restrictions and safety and social distancing requirements.

Given the broad uncertainty surrounding COVID-19 on medium and long-term consumer confidence and demand, it is currently not possible to provide meaningful comments and conclusions about its potential impact on business fundamentals, prospects and financial position of the Group. The various business continuity plans in place are regularly updated and effectively deployed when needed.

The COVID-19 pandemic required the Group to monitor more closely following assessments and estimates made in the financial reporting:

- impairment of goodwill;
- impairment of investments in other associates;
- valuation of put/call options on discontinued operations;
- determination of provisions for irrecoverable receivables;
- the recoverability of deferred tax assets;
- determination of provisions for restructuring, contingent liabilities and other exposures.

In the preparation of the consolidated financial statements for the year-ended 31 December 2020, management considered the current economic environment and the impact of COVID-19. Despite the negative impact on the performance and cash flows during 2020, Recticel has a solid financial position, and liquidity (cfr 2.4.2.5.17. Financial instruments and financial risks). As such, management concluded the company is able to continue as a going concern.

2.4.2.1.6. Brexit

The turnover of the Group in the UK represents 15.8% of total consolidated sales. 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.

2.4.2.2. Changes in scope of consolidation

The following main changes in the scope of consolidation took place during the year **2020**:

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 continues to hold 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.

The disposal of the Automotive Interiors activities comprises the following companies:

- Recticel UREPP Belgium n.v. - Belgium
- Ningbo Recticel Automotive Parts Co. Ltd – China
- Shenyang Recticel Automotive Parts Co. Ltd – China
- Shenyang II Recticel Automotive Parts Co. Ltd – China
- Langfang Recticel Automotive Parts Co. Ltd – China
- Changchun Recticel Automotive Parts Co. Ltd – China
- RAI Most s.r.o. – Czech Republic
- Recticel Czech Automotive s.r.o. – Czech Republic
- Recticel Interiors CZ s.r.o. – Czech Republic
- Recticel Automobilsysteme GmbH – Germany
- Recticel North America Inc – United States

The new joint venture TEMDA2 GmbH has been integrated following the equity method under the heading 'Investments in other associates'.

Furthermore, Recticel sold its 50% stake in Eurofoam to its joint-venture partner Greiner AG. The Eurofoam joint venture was established in 1992 to develop flexible foams activities in Eastern Europe. In 1997, the joint venture was extended by both partners' contribution of their existing activities in Austria and Germany. Eurofoam is headquartered in Vienna (Austria) and operates in various Central and Eastern European countries. It employs approximately 2,100 people and realized sales of EUR 400 million in 2019.

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 2.4.2.4.7.

In **2019**, the following main changes in the scope of consolidation took place:

- Ownership interest in the Proseat group (Automotive) decreased in February 2019 from 51% (joint venture) to 25% (associate).
- Increase of the participation in Turvac (Insulation) from 50% (joint venture) to 74% (subsidiary with minority interest).

The impact of the partial divestment in the joint venture Proseat on balance sheet and income statement can be summarized as follows:

in thousand EUR

Group Recticel	Investments in joint ventures	Translation difference	Investment at equity method less translation differences	Disposal Price	Profit (Loss)
Total disposal of Proseat affiliates (75%)	**20 638**	**(453)**	**21 091**	**20 614**	**(477)**
	EQUITY ACQUIRED			ACQUISITION PRICE	
Acquisition 49% of Proseat nv after disposal of Proseat affiliates	8 487	-	-	(6 584)	1 903
Net total at level Recticel n.v.	**-**	**-**	**-**	**14 030**	**1 426**
Disposal affiliates Proseat by Proseat n.v. at 51% (under equity method)	4 606	65	4 671	6 108	1 436
Other elements on disposal of result transfer	-	-	-	-	(228)
Net total at Group level	**-**	**-**	**-**	**-**	**2 634**

2.4.2.3. Business and geographical segments

2.4.2.3.1. Business segments

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

IFRS 8 requires operating segments to be identified on the basis of the internal reporting structure of the Group that allows a regular performance review by the chief operating decision maker and an adequate allocation of resources to each segment.

The information reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment per segment is more specifically focussed on Sales, EBITDA, Operating profit (loss), Capital Employed and Operational Cash Flow per segment. For more details on these segments, reference is made to the first part of this annual report. Information regarding the Group's reportable segments is presented below. Inter-segment sales are made at conditions which are applicable under the framework of the Group Transfer Pricing Policy.

Income statement for the year 2020

in thousand EUR

Group Recticel	Flexible Foams	Bedding	Insulation	Corporate & Eliminations	Total
SALES					
External sales	292 190	238 246	249 246	49 111	828 792
Inter-segment sales	29 787	3 507	0	(33 294)	0
Total sales	**321 977**	**241 753**	**249 246**	**15 817**	**828 792**
OPERATING PROFIT (LOSS)					
Unallocated corporate expenses [1]				(23 058)	
Operating profit (loss)	**11 891**	**8 079**	**16 939**	**(23 058)**	**13 851**
Financial result					(5 144)
Income from other associates, impairments other associates and change in fair value of option structures					(10 212)
Result for the period before taxes					**(1 505)**
Income taxes					(4 025)
Result for the period after taxes - Continuing operations					**(5 531)**
Result for the period after taxes - Discontinued operations					**68 686**
Result for the period after taxes - Continuing and discontinued operations					**63 155**
of which non-controlling interests					4
of which share of the Group					63 151

[1] Includes headquarters' costs : EUR 14.7 million (2019: EUR 14.4 million) and R&D expenses (Corporate Programme) : EUR 2.4 million (2019: EUR 2.5 million).

Income statement for the year 2019 (restated)

in thousand EUR

Group Recticel	Flexible Foams	Bedding	Insulation	Corporate & Eliminations	Total
SALES					
External sales	332 013	237 339	247 164	62 005	878 521
Inter-segment sales	29 079	4 929	0	(34 008)	0
Total sales	**361 092**	**242 268**	**247 164**	**27 997**	**878 521**
OPERATING PROFIT (LOSS)					
Unallocated corporate expenses (1)				(23 269)	
Operating profit (loss)	**20 002**	**7 017**	**20 666**	**(23 269)**	**24 417**
Financial result					(4 220)
Income from other associates and change in fair value of option structures					4 724
Result for the period before taxes					**24 921**
Income taxes					(886)
Result for the period after taxes - Continuing operations					**24 035**
Result for the period after taxes - Discontinued operations					**683**
Result for the period after taxes - Continuing and discontinued operations					**24 718**
of which non-controlling interests					(44)
of which share of the Group					24 762

(1) Includes headquarters' costs : EUR 14.4 million (2018: EUR 15.3 million) and R&D expenses (Corporate Programme) : EUR 2.5 million (2018: EUR 2.2 million).

Disaggregation of consolidated revenues

in thousand EUR

Group Recticel	2020	2019
Comfort foams	162 942	171 446
Technical foams	159 036	189 645
Flexible Foams	**321 978**	**361 092**
Branded products	163 828	157 879
Non-branded/Private label products	77 925	84 388
Bedding	**241 753**	**242 268**
Insulation	**249 246**	**247 164**
Corporate & Eliminations	15 816	27 998
TOTAL CONSOLIDATED REVENUE	**828 792**	**878 521**
Timing of revenue recognition		
At point in time	828 792	878 521
Over time	0	0
TOTAL CONSOLIDATED REVENUE	**828 792**	**878 521**

Other information 2020

in thousand EUR

Group Recticel	Flexible Foams	Bedding	Insulation	Corporate	Total
Depreciation and amortisation	14 188	7 989	10 575	2 565	**35 317**
Impairment losses recognised in profit and loss	1 273	1 072	0	95	**2 440**
EBITDA	27 353	17 140	27 513	(20 397)	**51 609**
Capital expenditure/additions	7 964	4 235	4 707	3 487	**20 393**

Other information 2019 (restated)

in thousand EUR

Group Recticel	Flexible Foams	Bedding	Insulation	Corporate	Total
Depreciation and amortisation	14 084	8 720	10 714	2 385	**35 903**
Impairment losses recognised in profit and loss	63	287	46	0	**396**
EBITDA	34 149	16 024	31 426	(20 884)	**60 715**
Capital expenditure/additions	12 756	5 143	26 065	3 504	**47 468**

Impairments

In 2020, impairment charges amounted to EUR -2.4 million and relate to (i) idle tangible assets in Bedding following the closure of the Hassfurt plant in Germany (EUR -1.1 million), which was sold in 2020 and (ii) idle assets in Flexible Foams in Spain (EUR -1.3 million).

EBITDA

EBITDA per segment is commented in the first part of this annual report (section Report by the Board of Directors).

The breakdown of the goodwill per business line

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
United Kingdom	3 015	3 186
Continental	1 062	1 061
Scandinavia	5 328	5 411
Total Flexible Foams	**9 405**	**9 659**
Total Bedding	**11 600**	**11 566**
Continental	2 211	2 211
United Kingdom	923	976
Total Insulation	**3 134**	**3 187**
Total goodwill	**24 139**	**24 412**

Adjustments to Operating profit (loss) per segment

in thousand EUR

Group Recticel	Flexible Foams	Bedding	Insulation	Corporate	Total
2020					
Restructuring charges and provisions	(865)	(1 000)	(165)	(13)	(2 043)
Other	(351)	(93)	0	(4 745)	(5 189)
Impairments	(1 273)	(1 072)	0	(95)	(2 440)
TOTAL	**(2 489)**	**(2 165)**	**(165)**	**(4 853)**	**(9 672)**
2019 (restated)					
Restructuring charges and provisions	(2 973)	(939)	(142)	(2 600)	(6 654)
Other	(31)	80	0	(3 424)	(3 375)
Impairments	(62)	(287)	(46)	0	(395)
TOTAL	**(3 066)**	**(1 146)**	**(188)**	**(6 024)**	**(10 424)**

For 2020

- Restructuring charges (EUR -2.0 million) refer to additional restructuring measures in execution of the Group's rationalisation plan.
- Other adjustments relate mainly to non-recurring costs relating to due diligence and legal fees and expenses linked to the FoamPartner acquisition.
- Impairments relate to idle assets in Flexible Foams in Spain (EUR 1.3 million) and in Bedding following the closure of the Hassfurt plant (Germany), which was sold in 2020 (EUR 1.1 million).

For 2019 (restated)

- Impairment charges amounted to EUR -0.4 million and relate mainly idle tangible assets in Bedding following the closure of the Hassfurt (Germany) plant (EUR -0.3 million).
- Restructuring charges (EUR -6.7 million) refer to additional restructuring measures in execution of the Group's rationalisation plan, mainly the further streamlining in corporate and central services.
- Other adjustments (EUR -3.4 million) relate mainly to costs and fees for legacy remediation and litigations, and costs linked to the contingency plan following the fire incident in the plant in Wetteren (Belgium).

2.4.2.3.2. Geographical repartition and disaggregation of sales

The Group's operations are mainly located in the European Union.

Sales (by destination)

The following tables provide an analysis of the Group's sales and fixed assets by geographical market.

in thousand EUR

Group Recticel	2020	2019 restated
Belgium	130 157	142 607
France	106 794	122 153
Germany	113 138	118 978
Other EU countries	257 755	268 340
European Union	**607 843**	**652 079**
United Kingdom	136 569	134 211
Other	84 380	92 231
TOTAL	**828 792**	**878 521**

Reliance on major customers

In 2020 the Group had one customer representing 10% of total sales.

The top-10 customers of the Group represent 28.9% (2019 restated: 27.0%) of total consolidated sales.

Intangible assets – Property, plant & equipment – Right-of-use assets – Investment property

in thousand EUR

Group Recticel			Acquisitions, including own production	
	31 DEC 2020	31 DEC 2019	2020	2019
Belgium	86 413	83 741	13 554	13 994
France	36 070	38 028	2 671	2 032
Germany	8 582	15 960	1 394	2 557
Other EU countries	79 967	112 545	22 108	11 343
European Union	**211 032**	**250 274**	**39 728**	**29 926**
United Kingdom	42 900	47 638	1 801	23 903
Other	12 580	52 450	2 440	4 865
TOTAL	**266 512**	**350 362**	**43 969**	**58 694**

2.4.2.4. Income statement

2.4.2.4.1. Gross profit

On a like-for-like basis, the gross profit decreased by 6.9% from 168.7 million (restated) to EUR 157.0 million. The lower gross profit is primarily explained by lower sales following the impact of the COVID-19 pandemic, especially in the first half-year. During the second half-year sales volumes gradually recovered in combination with overall selling price increases which were passed on to compensate for the steep increase of chemical raw material prices, resulting from an extremely tight supply situation since September 2020.

2.4.2.4.2. General and administrative expenses - Sales and marketing expenses – Research and development expenses

General and administrative expenses slightly decreased by EUR 0.4 million to EUR 57.9 million on a like-for-like basis. This decrease is mainly explained by tight cost saving measures and the use of temporary unemployment during the first wave of the COVID-19 crisis.

Sales and marketing expenses decreased from EUR 67.0 million (restated) to EUR 60.6 million, reflecting the cost saving measures taken in light of the COVID-19 crisis.

Research and development expenses slightly decreased from EUR 10.6 million (restated) to EUR 9.3 million, for the same reasons as mentioned hereabove.

2.4.2.4.3. Other operating revenues and expenses

in thousand EUR

Group Recticel	2020	2019 restated
Other operating revenues	5 323	7 697
Other operating expenses	(18 913)	(16 902)
TOTAL	**(13 589)**	**(9 204)**
Restructuring charges (including site closure, onerous contracts and clean-up costs)	(2 043)	(6 654)
Gain (Loss) on disposal of intangible, tangible and right-of-use assets	140	2 562
Gain (Loss) on investment operations	(90)	99
IAS 19 Pensions and other similar obligations	(895)	489
IAS 19 Operating expenses	(1 290)	(1 613)
Provisions	(3 347)	157
Insurances	0	(2 934)
Fees consultancy and subcontractors	(3 767)	(4 543)
Royalties	(623)	(793)
Stock options	(609)	(486)
Other expenses	(6 250)	(622)
Insurances commission (Recticel RE)	4 423	3 947
Other revenues	761	1 187
TOTAL	**(13 589)**	**(9 204)**

Restructuring

In **2020**, restructuring charges (EUR -2.0 million) relate to additional restructuring measures in execution of the Group's rationalisation plan, mainly reorganisation charges in Flexible Foams (EUR 0.9 million) and in Bedding (EUR 1.0 million).

In **2019**, restructuring charges (EUR -6.7 million) relate to additional restructuring measures in execution of the Group's rationalisation plan, mainly a further streamlining in corporate and central services.

Gain (loss) on disposal of tangible and intangible assets

In **2019**, this item relates mainly to land and building in Belgium (EUR 0.7 million) and Germany (EUR 0.5 million) and idle assets in Spain (EUR 0.4 million).

2.4.2.4.4. Operating profit (loss)

The components (by nature) of the Operating profit (loss) are as follows:

in thousand EUR

Group Recticel	2020	2019 restated
Sales	828 792	878 521
Purchases and changes in inventories	(419 774)	(451 781)
Other goods and services	(146 957)	(151 166)
Labour costs	(220 908)	(237 696)
Amortisation and depreciation on non-current assets	(34 310)	(34 959)
Impairments on non-current assets	(2 439)	(395)
Amounts written back/(off) on affiliated investments	(207)	556
Amounts written back/(off) on inventories	(508)	96
Amounts written back/(off) on receivables	(279)	(467)
Amortisation of deferred long term and upfront payment	(1 008)	(1 057)
Provisions	(2 496)	611
Gain/(Loss) on disposal intangible and tangible assets	140	2 562
Gain/(Loss) on disposal on investments	(91)	(495)
Gain/(Loss) on trade receivables	(33)	(15)
Operating taxes	(5 671)	(5 511)
Other operating expenses	(2 615)	(4 170)
Own production	2 778	2 954
Operating subsidies	893	891
Commissions and royalty income	507	272
Operating lease income	1 740	2 268
Service fees	1 321	5 118
Other operating income	14 273	19 748
Income from associates	703	1 294
Operating profit (loss)	**13 849**	**27 179**

Sales: Total consolidated sales were lower, mainly due to lower volumes in Flexible Foams (-10.6%), following the impact of the COVID-19 pandemic – especially in the first half of the year. Sales in Bedding were slightly lower (-0.2%) and Insulation reported an increase of 0.8%. More details per segment can be found in the comments on the financial figures in the Report of the Board of Directors.

Purchases and changes in inventories decreased as a result of on average lower chemical raw materials prices and lower volumes due to the COVID-19 pandemic.

Other goods and services comprise transportation costs (EUR 49.2 million versus EUR 49.6 million in 2019), operating lease expenses (EUR 3.6 million versus EUR 4.3 million in 2019), supplies (EUR 14.5 million versus EUR 16.6 million in 2019), fees (EUR 16.7 million versus EUR 15.0 million in 2019), repair and maintenance costs (EUR 10.3 million versus EUR 10.8 million in 2019), advertising/fairs/exhibition costs (EUR 9.5 million versus EUR 12.4 million in 2019), travel expenses (EUR 2.4 million versus EUR 6.7 million in 2019), administrative expenses (EUR 5.9 million versus EUR 6.4 million in 2019), insurance expenses (EUR 12.2 million versus EUR 5.9 million in 2019), waste removal and environmental expenses (EUR 3.5 million versus EUR 3.6 million in 2019), security expenses (EUR 1.6 million versus EUR 1.4 million in 2019).

Labour costs decreased following the COVID-19 lockdowns imposed in most countries during the second quarter and the use – where possible - of temporary unemployment.

Income from associates decreased due to the lower result from Orsafoam.

2.4.2.4.5. Financial result

in thousand EUR

Group Recticel	2020	2019 restated
Interest on lease liabilities	(2 362)	(3 067)
Interest on long-term bank loans	(558)	(728)
Interest on short-term bank loans & overdraft	(1 216)	(1 485)
Net interest charges on Interest Rate Swaps and Foreign Currency Swaps	(112)	(27)
Total borrowing cost	**(4 248)**	**(5 306)**
Interest income from bank deposits	68	60
Interest income from financial receivables	825	2 558
Interest income from financial receivables and cash	**894**	**2 618**
Interest charges on other debts	(100)	(103)
Interest income on other receivables	62	31
Total other interest	**(38)**	**(71)**
Interest income and expenses	**(3 392)**	**(2 759)**
Exchange rate differences	(1 434)	(591)
Net interest cost IAS 19	(324)	(770)
Other financial result	6	(99)
Total other financial result	**(1 752)**	**(1 461)**
FINANCIAL RESULT	**(5 144)**	**(4 220)**

2.4.2.4.6. Income taxes

1. Income tax charges

in thousand EUR

Group Recticel	2020	2019 restated
Recognised in the income statement		
Current income tax expense:		
Current year	4 055	3 725
Adjustments in respect of prior year	(45)	(161)
Total current tax expense	**4 010**	**3 565**
Deferred tax expenses:		
Origination and reversal of temporary differences and tax losses	(3 348)	(418)
Unrecognised deferred tax assets on current year's losses [(1)]	4 649	1 821
Recognition of deferred tax assets previously not recognised [(2)]	(1 538)	(7 645)
Derecognition of previously recognised deferred tax assets [(3)]	387	2 039
Effect of changes in tax rates on deferred taxes [(4)]	(87)	1 919
Adjustments for prior periods	1 165	(395)
Other deferred tax expenses	(1 213)	0
Total deferred tax expense	**15**	**(2 679)**
Total tax expense on continuing operations	**4 025**	**886**

[(1)] The unrecognised deferred tax assets on current year's losses mainly relate to losses incurred in Germany and Spain in 2020 and to losses incurred in Germany and The Netherlands in 2019.
[(2)] Deferred tax assets have been recognised in Belgium and France in 2020, and in Belgium, France and Spain in 2019.
[(3)] In 2019 previously recognised deferred tax assets were derecognised in Germany and The Netherlands.
[(4)] The effect of the change in tax rate on deferred taxes in 2019 mainly relates to the reduction of the tax rate in Belgium.

in thousand EUR

Group Recticel	2020	2019 restated
Reconciliation of effective tax rate		
Profit (loss) before taxes - continuing operations	(1 506)	24 921
Minus income from associates	(703)	(1 294)
Minus income from other associates	5 790	(962)
Result before tax and income from (other) associates	**3 581**	**22 665**
Tax at the Group's domestic income tax rate	**895**	**6 704**
Group's domestic tax rate	**25.00%**	**29.58%**
Effect of different tax rates of subsidiaries operating in different jurisdictions	(3 890)	(1 321)
Tax effect of non-deductible expenses	4 512	8 946
Tax effect of non-taxable income	(1 817)	(9 288)
Tax effect of tax incentives	(148)	0
Unrecognised deferred tax assets on current year's losses	4 649	1 821
Recognition of deferred tax assets previously not recognised	(1 538)	(7 645)
Derecognition of deferred tax assets previously recognised	387	2 039
Effect of changes in tax rates on deferred taxes	(87)	1 919
Tax effect of current and deferred tax adjustments related to prior years	1 119	(555)
Other	(57)	(1 734)
Tax expense for the year - continuing operations	**4 025**	**886**

in thousand EUR

Group Recticel	2020	2019
Deferred tax charged or (credited) directly to equity		
Impact of IAS 19R on equity	113	(746)
Impact of movements in exchange rates	0	(81)
Total	**113**	**(827)**

2. Deferred tax assets and liabilities

in thousand EUR

Group Recticel	31 DEC 2020		31 DEC 2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Recognised deferred tax assets and liabilities				
Intangible assets	4 690	(345)	7 051	(1 093)
Property, plant & equipment [(1)/(2)]	669	(15 781)	8 182	(36 102)
Investments	101	0	64	0
Tax-free reserves	1 871	(4 932)	15	(2 182)
Receivables	35	(799)	1 729	(1 601)
Inventories	322	0	1 499	1
Cash and cash equivalents	8	(0)	0	0
Early retirements and defined benefits	7 268	0	8 667	0
Provisions for other risks and charges	1 865	(6 653)	3 451	(6 215)
Interest-bearing borrowings and loans [(2)]	10 392	(724)	20 141	(1 350)
Other liabilities	2 438	(157)	1 005	(1 503)
Tax loss carry-forwards/ Tax credits	12 532	0	11 484	0
Other tax attributes	325	0	842	0
Total	**42 516**	**(29 392)**	**64 130**	**(50 045)**
Set-off [(2)/(3)]	(17 218)	17 218	(40 022)	40 022
Total (as provided in the statement of financial position)	**25 298**	**(12 173)**	**24 108**	**(10 023)**

[(1)] The variance in Property, Plant and Equipment is due to a change in presentation. In FY2020 deferred tax assets and deferred tax liabilities on the same category of items of an entity have been netted, while in FY2019 these were presented separately.
[(2)] The variance in Property, Plant and Equipment and Interest-bearing borrowings and loans is also due to a change in presentation of the lease liabilities.
[(3)] According to IAS 12 (Income Taxes), deferred tax assets and deferred tax liabilities should, under certain conditions, be offset if they relate to income taxes levied by the same taxation authority.

Tax loss carry-forwards – amounts by expiration date:

in thousand EUR

Group Recticel	2020 [(2)(3)]	2019 [(1)]
One year	0	1 875
Two years	2 322	1 836
Three years	8 529	8 744
Four years	313	9 738
Five years and thereafter	134 101	137 633
Without time limit	396 757	374 304
Total	**542 022**	**534 130**

[(1)] The tax losses carried forward per 31 December 2019 include the tax losses carried forward of the entities of the Automotive Interiors division which was partially divested in 2020.
[(2)] As per 31 December 2020, EUR 12.5 million of deferred tax assets are recognised, representing EUR 50.4 million of tax losses carried forward out of a total amount of tax losses carried forward of EUR 542 million.
[(3)] The total amount of tax losses carried forward per 31 December 2020 (EUR 542 million) includes EUR 128.2 million of tax loss carryforwards for the US which are currently subject to a thorough tax analysis due to the divestment of the Automotive Interiors division in 2020. No deferred tax assets are recognised in relation to these losses.

Deferred tax assets recognised and unrecognised by the Group apply to the following elements as at **31 December 2020:**

in thousand EUR

Group Recticel	Total potential deferred tax assets (1)	Recognised deferred tax assets (3)	Non recognised deferred tax assets (1) (2)
Temporary differences	37 648	29 659	7 989
Tax losses carried forward	141 369	12 532	128 838
Other tax attributes	3 981	325	3 654
Total before set-off	**182 998**	**42 516**	**140 481**

(1) The variances compared to 2019 are mainly due to the exclusion of the Automotive Interiors division; impact of EUR 25.8 milllion on total potential deferred tax assets and of EUR 22.1 million on non-recognised deferred tax assets.
(2) The remaining variance on non-recognised deferred tax assets is primarily due to the reduction of deferred tax assets in Soundcoat (USA) for EUR 22.7 million and non-recognised deferred tax assets at Recticel Verwaltung GmbH (Germany)for EUR 10.5 million.
(3) As of 31 December 2020, deferred tax assets of EUR 42,5 million are recognized mainly in Belgium (EUR 21.4 million); Spain (EUR 2.7 million), France (EUR 4.9 million), the United Kingdom (EUR 4.5 million) and Poland (EUR 1 million). These deferred tax assets represent income likely to be realisable in the foreseeable future.

Deferred tax assets recognised and unrecognised by the Group apply to the following elements as at **31 December 2019:**

in thousand EUR

Group Recticel	Total potential deferred tax assets	Recognised Deferred tax assets	Non recognised deferred tax assets
Temporary differences	76 852	51 804	25 048
Tax losses carried forward	160 618	11 484	149 134
Other tax attributes	989	842	147
Total before set-off	**238 459**	**64 130**	**174 329**

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and when it is probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liabilities have been recognised on undistributed retained earnings of subsidiaries, associates and joint ventures, as the impact is not material.

2.4.2.4.7. Discontinued operations

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 holds 51% and Recticel holds a 49% minority participation.

The contractual framework for the divestment of Automotive Interiors contains - besides customary post-closing price adjustments for working capital normalisation and cash/debt items at the level of the divested entities - specific arrangements to compensate the joint-venture for adverse conditions that may occur beyond the control of Recticel with regard to: (i) the potential impact of the COVID-19 pandemic on the Automotive Interiors operations and (ii) future cost of the insurance coverage of the joint-venture.

The first item relates specifically to a potential compensation - for a period between July 2020 and December 2020 - for the loss of contribution margin over the period 01 July – 31 December 2020 - compared to the contribution margin taken into account in the reference business plan -, as a consequence of a shortfall in sales induced by the potential negative impact of the COVID-19 pandemic on customer demand. The total compensation amounted to EUR 0,5 million and has been fully settled as of April 2021.

For the second item, a provision has been recognised based on the estimated potential additional insurance costs.

The financing of the new joint-venture includes a EUR 25 million acquisition term loan and EUR 20 million Revolving Credit facility to finance working capital needs of the joint-venture financing facilities of the new joint-venture amount to EUR 45 million. The financing is supported by guarantees issued by the Group, while the agreement provides for a refinancing as of 2022.

The Automotive Interiors divestment agreement contains reciprocal call/put options for Admetos to acquire, or Recticel to sell, its remaining 49% share, exercisable as from March 2024 at a price calculated on the basis of a pre-agreed EBITDA multiple.

In the framework of the finalization of the closing accounts per 30 June 2020 linked to the Automotive Interiors divestment, a dispute has arisen with 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. (cfr 2.4.2.6.9. Contingent assets and liabilities). Although this dispute is still in the negotiation phase, management has assessed the potential impact, is confident to have a solid defense file and believes that all necessary elements have been considered in the determination of the transaction result.

in thousand EUR

Group Recticel	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 profit (loss) discontinued activities	**128 241**	**(59 555)**

The results are composed as follows:

in thousand EUR

Group Recticel	2020		2019	
	Eurofoam	Automotive Interiors	Eurofoam	Automotive Interiors
Sales	**0**	**55 303**	**0**	**181 844**
Distribution costs	0	(1 478)	0	(4 948)
Cost of sales	0	(53 688)	0	(133 510)
Gross profit (loss)	**0**	**137**	**0**	**43 386**
General and administrative expenses	0	(6 801)	0	(13 013)
Sales and marketing expenses	0	(2 847)	0	(5 853)
Research and development expenses	0	(815)	0	(636)
Impairment of goodwill, intangible and tangible assets	0	(1 106)	0	(1 425)
Other operating revenues	127 123	574	0	3 158
Other operating expenses	(2 695)	(55 985)	0	(27 258)
Income from other associates	3 813	11 656	9 648	0
Operating profit (loss)	**128 241**	**(55 187)**	**9 648**	**(1 641)**
Financial result	0	(2 556)	0	(4 006)
Result of the period before taxes	**128 241**	**(57 743)**	**9 648**	**(5 647)**
Income taxes	0	(1 812)	0	(3 318)
Net result of the period	**128 241**	**(59 555)**	**9 648**	**(8 965)**

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

in thousand EUR

Group Recticel	Automotive Interiors	
	2020	2019
Net cash flow from operating activities relating to discontinued operations	(12 053)	15 344
Net cash flow divestment/(investment) activities relating to discontinued operations	10 620	(5 954)
Net cash flow from financing activities relating to discontinued operations	(9 731)	(7 179)
Effect of exchange rate differences	1 054	69
Total cash flow from discontinued operations	**(10 110)**	**2 280**

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

in thousand EUR

Group Recticel	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:

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)	(12 798)
- Transaction fees and other expenses	(2 540)	(1 700)
= Capital gain (loss) on disposal	**124 428**	**(41 225)**

2.4.2.4.8. Dividends

Amounts recognised as distributions to equity holders in the period.

Dividend for the period ending 31 December 2019 of EUR 0.24 per share.

Proposed dividend for the period ending 31 December 2020 of EUR 0.26 per share, leading to a total pay-out of EUR 14,493,159 (2019: EUR 13,295,385), including the portion attributable to the treasury shares (326,800 in total per 31 December 2020).

The proposed dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

2.4.2.4.9. Basic earnings per share

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the following data:

Group Recticel	2020	2019
"Net profit (loss) for the period (share of the Group) (in thousand EUR)"	**63 155**	**24 718**
Net profit (loss) from continuing operations	(5 531)	24 035
Net profit (loss) from discontinued operations	68 686	683
Weighted average shares outstanding		
Ordinary shares on 01 January (excluding treasury shares*)	55 070 639	54 900 212
Exercised subscription rights	345 481	170 427
Ordinary shares on 31 December (excluding treasury shares*)	55 416 120	55 070 639
Weighted average shares outstanding	**55 174 425**	**54 959 861**
* Number of treasury shares held per 31 December	326 800	326 800

in EUR

Group Recticel	2020	2019
Basic earnings per share	1.14	0.45
Basic earnings per share from continuing operations	(0.10)	0.44
Basic earnings per share from discontinued operations	1.24	0.01

2.4.2.4.10. Diluted earnings per share

Computation of the diluted earnings per share :

in thousand EUR

Group Recticel	2020	2019
Dilutive elements		
Net profit (loss) from continuing operations	(5 531)	24 035
Net profit (loss) from discontinued operations	68 686	683
Profit (loss) attributable to ordinary equity holders of the parent entity including assumed conversions	**63 155**	**24 718**
Weighted average ordinary shares outstanding	55 174 425	54 959 861
Stock option plans - subscription rights (1)	206 607	194 640
Weighted average shares for diluted earnings per share	**55 381 032**	**55 154 501**

Group Recticel	2020	2019
Diluted earnings per share	**1.14**	**0.45**
Diluted earnings per share from continuing operations	(0.10)	0.44
Diluted earnings per share from discontinued operations	1.24	0.01

	2020	2019
Anti-dilutive elements		
Impact on weighted average ordinary shares outstanding		
Stock option plan - subscription rights - "out-of-the-money" (1)	111 839	171 022

(1) Per 31 December 2020, all outstanding subscription right plans are in-the-money, except the plan of April 2018 which was out-of-the-money. The outstanding subscription right plans which was out-of-the-money are disclosed as anti-dilutive.

2.4.2.5. Statement of financial position

2.4.2.5.1. Intangible assets

For the year ending 31 December 2020:

in thousand EUR

Group Recticel	Development costs	Trademarks, patents & licences	Client portfolio goodwill	Other intangible assets	Assets under construction and advance payments	Total	
At the end of the preceding period							
Gross book value	12 356	52 693	5 745	279	8 450	79 523	
Accumulated amortisation	(11 905)	(39 928)	(4 842)	(234)	(253)	(57 162)	
Accumulated impairment	(5)	(6 370)	0	0	(1 681)	(8 056)	
Net book value at the end of the preceding period	**447**	**6 395**	**903**	**45**	**6 516**	**14 306**	
Movements during the year:							
Change in scope	(365)	(467)	(0)	(9)	(92)	(933)	
Acquisitions	0	73	0	4	3 607	3 685	(1)
Impairments	0	(9)	0	0	0	(9)	
Amortisation	(207)	(1 820)	(176)	(16)	0	(2 218)	
Sales and scrapped - gross amount	0	0	0	0	0	0	(2)
Sales and scrapped - Accumulated amortization & impairments	0	0	0	0	0	0	(2)
Transfers from one heading to another	132	1 462	0	9	(1 569)	34	
Exchange rate differences	(7)	(51)	0	(0)	(4)	(62)	
At the end of the current period	**0**	**5 584**	**728**	**34**	**8 458**	**14 804**	
Gross book value	409	49 374	7 728	274	10 331	68 116	
Accumulated amortisation	(409)	(37 458)	(7 000)	(240)	(190)	(45 298)	
Accumulated impairment	0	(6 332)	0	0	(1 681)	(8 013)	
Net book value at the end of the period	**0**	**5 584**	**728**	**34**	**8 459**	**14 806**	
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.		

Acquisitions		**Disposals**	
Cash-out on acquisitions of intangible assets	(1 982)	Cash-in from disposals of intangible assets	0
Acquisitions included in working capital	(1 703)	Disposals included in working capital	0
(1) Total acquisitions of intangible assets	**(3 685)**	**(2) Total disposals of intangible assets**	**0**

Reference is also made to note 2.4.2.1.4. - Key judgments and major sources of estimation uncertainty.

In **2020**, the item 'Changes in scope' relates to the discontinued Automotive Interiors operations. Total acquisition of intangible assets amounted to EUR 3.7 million, compared to EUR 4.6 million in 2019. The investments in intangible assets in 2020 mainly related to "Assets under construction and advance payments" for new developments and licence costs related to the roll-out of the SAP IT platform (EUR 3.2 million, included in (1).

For the year ending 31 December 2019:

in thousand EUR

Group Recticel	Development costs	Trademarks, patents & licences	Client portfolio goodwill	Other intangible assets	Assets under construction and advance payments	Total	
At the end of the preceding period							
Gross book value	14 820	50 802	9 568	262	6 693	82 145	
Accumulated amortisation	(13 853)	(38 271)	(9 568)	(250)	(252)	(62 194)	
Accumulated impairment	(47)	(6 328)	0	0	(1 531)	(7 906)	
Net book value at the end of the preceding period	**920**	**6 203**	**0**	**12**	**4 910**	**12 045**	
Movements during the year:							
Acquisitions	0	238	0	43	4 299	4 580	(1)
Impairments	(14)	(57)	0	0	(287)	(358)	
Amortisation	(529)	(2 054)	(48)	(11)	(25)	(2 667)	
Sales and scrapped - gross amount	(2 649)	(634)	(4 881)	(27)	(161)	(8 352)	(2)
Sales and scrapped - Accumulated amortization & impairments	2 649	634	4 881	27	161	8 352	(2)
Transfers from one heading to another	67	2 046	0	1	(2 383)	(269)	
Change in scope	0	0	951	0	0	952	
Exchange rate differences	2	20	0	0	0	22	
At the end of the current period	**446**	**6 395**	**903**	**45**	**6 516**	**14 306**	
Gross book value	12 356	52 693	5 745	279	8 450	79 523	
Accumulated amortisation	(11 905)	(39 928)	(4 842)	(234)	(253)	(57 162)	
Accumulated impairment	(5)	(6 370)	0	0	(1 681)	(8 056)	
Net book value at the end of the period	**447**	**6 395**	**903**	**45**	**6 516**	**14 306**	
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.		

Acquisitions		**Disposals**	
Cash-out on acquisitions of intangible assets	(4 502)	Cash-in from disposals of intangible assets	1
Acquisitions included in working capital	(77)	Disposals included in working capital	(1)
(1) Total acquisitions of intangible assets	**(4 580)**	**(2) Total disposals of intangible assets**	**0**

Reference is also made to note 2.4.2.1.4. - Key judgments and major sources of estimation uncertainty.

In **2019**, the total acquisition of intangible assets amounted to EUR 4.6 million, compared to EUR 2.6 million the year before. The investments in intangible assets in 2019 mainly related to “Assets under construction and advance payments” for new developments and licence costs related to the roll-out of the SAP IT platform (EUR 2.1 million) and capitalised development costs for Automotive Interiors projects (EUR 0.3 million).

2.4.2.5.2. Property, plant & equipment

For the year ending 31 December 2020:

in thousand EUR

Group Recticel	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Other tangible assets	Assets under construction	Total	
At the end of the preceding period							
Gross value	218 664	522 391	29 411	1 106	22 806	794 378	
Accumulated depreciation	(124 477)	(401 925)	(23 309)	(1 010)	(241)	(550 962)	
Accumulated impairments	(3 905)	(11 854)	(19)	0	(22)	(15 800)	
Net book value at the end of the preceding period	**90 282**	**108 613**	**6 082**	**97**	**22 543**	**227 617**	
Movements during the year							
Change in scope	(3 745)	(38 126)	(772)	(16)	(4 086)	(46 746)	
Acquisitions	37	1 526	240	1	19 653	21 456	(1)
Impairments	(95)	(1 095)	(5)	0	0	(1 195)	
Depreciation	(4 659)	(18 168)	(1 963)	(9)	0	(24 800)	
Sales and scrapped	(65)	(62)	(31)	0	(1)	(158)	(2)
Transfers from one heading to another	6 202	14 303	1 965	(1)	(22 450)	19	
Exchange rate differences	(1 400)	(1 557)	(80)	(3)	(152)	(3 193)	
At the end of the period	**86 555**	**65 434**	**5 436**	**68**	**15 507**	**173 000**	
Gross value	195 308	323 510	26 416	231	15 507	560 972	
Accumulated depreciation	(107 740)	(256 452)	(20 979)	(163)	0	(385 335)	
Accumulated impairments	(1 012)	(1 624)	(1)	0	0	(2 637)	
Net book value at the end of the period	**86 555**	**65 434**	**5 436**	**68**	**15 507**	**173 000**	

Acquisitions		**Disposals**	
Cash-out on acquisitions of tangible assets	(23 245)	Cash-in from disposals of tangible assets	4 635
Acquisitions included in working capital	1 789	Disposals included in working capital	(4 793)
(1) Total acquisitions of tangible assets	**(21 456)**	**(2) Total disposals of tangible assets**	**(158)**

Reference is also made to note 2.4.2.1.4. - Key judgments and major sources of estimation uncertainty.

In **2020**, the item ‘Changes in scope’ relates to the discontinued Automotive Interiors operations. Total acquisitions of tangible assets amounted to EUR 21.5 million, compared to EUR 49.1 million in 2019. The decrease is mainly explained by a reduced capital expenditure program due to the COVID-19 crisis and the divestment from the more capital intensive Automotive Interiors business at the end of June 2020 (cfr Discontinued operations). Assets under construction mainly relate to Belgium (EUR 6.8 million), Bedding in Germany (EUR 0.4 million) and Poland (EUR 0.7 million) and Flexible Foams in France (EUR 2.3 million), the United Kingdom (EUR 1.6 million) and The Netherlands (EUR 1.8 million).

At 31 December 2020, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 0.2 million (2019: EUR 4.3 million).

In **2020**, impairment losses recognised in profit and loss are mainly related to idle assets in Flexible Foams in Spain (EUR 1.3 million) and in Bedding following the closure of the Hassfurt plant (Germany) (EUR 1.1 million).

For the year ending 31 December 2019:

in thousand EUR

Group Recticel	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leases and similar rights	Other tangible assets	Assets under construction	Total	
At the end of the preceding period								
Gross value	187 887	526 968	25 945	44 698	1 112	15 315	801 925	
Accumulated depreciation	(117 837)	(394 780)	(21 749)	(17 303)	(1 043)	(238)	(552 950)	
Accumulated impairments	(3 964)	(12 350)	(21)	(76)	0	(22)	(16 433)	
Net book value at the end of the preceding period	**66 086**	**119 838**	**4 175**	**27 319**	**69**	**15 055**	**232 542**	
Movements during the year								
Change in accounting policies	0	0	0	(27 319)	0	0	(27 319)	(1)
Acquisitions	22 679	2 354	465	0	5	23 587	49 090	
Impairments	(63)	(1 390)	(10)	0	0	0	(1 463)	
Depreciation	(4 197)	(22 905)	(1 942)	0	(17)	(45)	(29 107)	(2)
Sales and scrapped	0	(59)	(5)	0	0	(3)	(66)	
Transfers from one heading to another	3 511	9 452	3 356	0	39	(16 132)	227	
Change in scope	1 483	444	18	0	0	0	1 946	
Exchange rate differences	783	879	25	0	(1)	81	1 767	
At the end of the period	**90 282**	**108 613**	**6 083**	**0**	**96**	**22 543**	**227 617**	
Gross value	218 664	522 391	29 411	0	1 106	22 806	794 378	
Accumulated depreciation	(124 477)	(401 925)	(23 309)	0	(1 010)	(241)	(550 962)	
Accumulated impairments	(3 905)	(11 854)	(19)	0	0	(22)	(15 800)	
Net book value at the end of the period	**90 282**	**108 613**	**6 082**	**0**	**97**	**22 543**	**227 617**	

Acquisitions		**Disposals**	
Cash-out on acquisitions of tangible assets	(50 489)	Cash-in from disposals of tangible assets	1 907
Acquisitions included in working capital	1 399	Disposals included in working capital	(1 841)
(1) Total acquisitions of tangible assets	**(49 090)**	**(2) Total disposals of tangible assets**	**66**

The change in accounting policy is linked to a reclassification to item 'Right-of-use assets', by application of IFRS 16.

Reference is also made to note 2.4.2.1.4. - Key judgments and major sources of estimation uncertainty.

In **2019**, total acquisitions of tangible assets amounted to EUR 49.1 million, compared to EUR 42.4 million last year. The increase is mainly explained by the acquisition of the Insulation plant in Stoke-on-Trent (United Kingdom), following the exercise of a purchase option. Assets under construction mainly relate to Belgium (EUR 7.5 million), Bedding in Germany (EUR 1.4 million), Automotive Interiors in Czech Republic and USA (EUR 5.2 million) and Flexible Foams in France (EUR 1.6 million) and The Netherlands (EUR 5.2 million).

In **2019**, impairment losses recognised in profit and loss are mainly related to (i) assets in Automotive Interiors in Germany (EUR -0.7 million) and China (EUR -0.7 million).

In **2019**, change in scope relates to the increased participation in Turvac (Insulation).

2.4.2.5.3. Right-of-use assets

For the year ending 31 December 2020:

in thousand EUR

Group Recticel	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Total
At the end of the preceding period				
Gross value	107 173	19 041	16 545	142 759
Accumulated depreciation	(25 935)	(5 606)	(5 698)	(37 239)
Accumulated impairments	(364)	(46)	0	(410)
Net book value at the end of the preceding period	**80 874**	**13 389**	**10 846**	**105 110**
Movements during the year				
Changes in scope	(20 411)	(5 471)	(1 348)	(27 230)
Acquisitions	16 619	352	1 668	18 639
Lease reassessment	1 029	17	1 329	2 375
Impairments	(88)	0	0	(88)
Depreciation	(9 505)	(3 493)	(5 180)	(18 178)
Sales and scrapped	(2 408)	(24)	(32)	(2 464)
Exchange rate differences	(2 334)	(350)	(102)	(2 786)
At the end of the period	**63 777**	**4 419**	**7 180**	**75 377**
Gross value	91 380	8 404	14 253	114 037
Accumulated depreciation	(27 282)	(3 938)	(7 073)	(38 293)
Accumulated impairments	(321)	(46)	0	(367)
Net book value at the end of the period	**63 777**	**4 419**	**7 180**	**75 377**
Contractual tenor (in years)	6 - 12	3 - 12	4	

The item ‘Changes in scope’ relate to the discontinued Automotive Interiors operations.

Acquisitions include (i) a new lease contract for the International Headquarters of the Group in Belgium (EUR 2.9 million; 12 years with early-termination option), (ii) the renewal of the lease of the Bedding building in Poland (EUR 10.2 million; 11 years without purchase option), (iii) the renewal of the lease of a building in Czech Republic (EUR 1.2 million; 10 years without purchase option) and (iv) the renewal of a lease for the Bedding building in Sweden (EUR 1.5 million; 3 years without purchase option).

The weighted average underlying incremental borrowing rate of the right-of-use asset agreements per 31 December 2020 was 3.69% (3.2% per 31 December 2019).

For the year ending 31 December 2019:

in thousand EUR

Group Recticel	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Total
At the end of the preceding period				
Gross value	0	0	0	0
Accumulated depreciation	0	0	0	0
Accumulated impairments	0	0	0	0
Net book value at the end of the preceding period	**0**	**0**	**0**	**0**
Movements during the year				
Changes in accounting policies - IFRS 16	87 120	18 904	11 496	117 520
Transfers from Property, plant and equipment	27 308	11	0	27 319
Acquisitions	227	469	4 328	5 024
Lease reassessment	(23 439)	(1 002)	625	(23 816)
Depreciation	(11 843)	(5 155)	(5 671)	(22 669)
Exchange rate differences	1 501	162	68	1 732
At the end of the period	**80 874**	**13 389**	**10 846**	**105 110**
Gross value	107 173	19 041	16 545	142 759
Accumulated depreciation	(25 935)	(5 606)	(5 698)	(37 239)
Accumulated impairments	(364)	(46)	0	(410)
Net book value at the end of the period	**80 874**	**13 389**	**10 846**	**105 110**
Contractual tenor (in years)	6 - 12	3 - 12	4	

The line 'Lease reassessment' is mainly linked to the acquisition of the Insulation plant in Stoke-on-Trent (United Kingdom).

Besides the Group benefits from other lease arrangements which are not recognised in the balance sheet, following the exception rule under IFRS 16.

The below table comprises the recognised lease charge during the financial period.

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Low value leases	358	367
Short term leases	235	2 224
Services under leases	2 514	1 240
Other considerations	509	1 512
Total leases	**3 616**	**5 342**

At 31 December **2020**, the Group had entered into contractual commitments for the acquisition of right-of-use assets amounting to EUR 0.02 million.

2.4.2.5.4. Subsidiaries, joint ventures, associates and other associates

Unless otherwise indicated, the percentage shareholdings shown below are identical to the percentage voting rights.

1. SUBSIDIARIES CONSOLIDATED ACCORDING TO THE FULL CONSOLIDATION METHOD

		% shareholding in	
Subsidiaries		**31 DEC 2020**	**31 DEC 2019**
Austria			
Sembella GmbH	Aderstrasse 35 - 4850 Timelkam	100.00	100.00
Belgium			
s.c. sous forme de s.a. Balim b.v. onder vorm van n.v.	Bourgetlaan 42 - 1130 Haren	100.00	100.00
s.a. Finapal n.v.	Bourgetlaan 42 - 1130 Haren	100.00	100.00
s.a. Recticel International Services n.v.	Bourgetlaan 42 - 1130 Haren	100.00	100.00
s.a. Recticel UREPP Belgium n.v.	Damstraat 2 - 9230 Wetteren	- (a)	100.00
s.a. Proseat n.v.	Bourgetlaan 42 - 1130 Haren	100.00 (d)	100.00
China			
Ningbo Recticel Automotive Parts Co. Ltd.	525, Changxing Road, (C Area of Pioneer Park) Jiangbei District, Ningbo Municipality	- (a)	100.00
Recticel Foams (Shanghai) Co Ltd	525, Kang Yi Road - Kangyiao Industrial Zone, 201315 Shanghai	100.00	100.00
Shenyang Recticel Automotive Parts Co Ltd	12, Hangtian Road - Dongling District, 110043 Shenyang City	- (a)	100.00
Shenyang Recticel II Automotive Parts Co Ltd	70, Dawang Road - Dadong District, 11043 Shenyang City	- (a)	100.00
Langfang Recticel Automotive Parts Co Ltd	10, Anjin Road - Anci Industrial Zone, 065000 Langfang City	- (a)	100.00
Changchun Recticel Automotive Parts Co Ltd.	Intersection of C19 Rd. and C43 St. in Automotive industry Development Zone; 13000 Changchun, Jilin Province	- (a)	100.00
Recticel Flexible Foam (Wuxi) Co Ltd	No 30, Wanquan Road; Xishan Economic and Technological Developement Zone, Wuxi City	100.00	100.00
Czech Republic			
RAI Most s.r.o.	Moskevska 3055 - Most	- (a)	100.00
Recticel Czech Automotive s.r.o.	Chuderice-Osada 144 - 418,25 Bilina	- (a)	100.00
Recticel Interiors CZ s.r.o.	Plazy, 115 - PSC 293 01 Mlada Boleslav	- (a)	100.00
Estonia			
Recticel ou	Peterburi tee 48a - 11415 Talinn	100.00	100.00
Finland			
Recticel oy	Nevantie 2, 45100 Kouvola	100.00	100.00
Recticel Insulation oy	Gneissitie, 2 - 04600 Mäntsälä	100.00	100.00
France			
Recticel s.a.s.	71, avenue de Verdun - 77470 Trilport (since 1 March 2019)	100.00	100.00
Recticel Insulation s.a.s.	1, rue Ferdinand de Lesseps - 18000 Bourges	100.00	100.00
Germany			
Recticel Automobilsysteme GmbH	Im Muehlenbruch 10-12 - 53639 Königswinter	- (a)	100.00
Recticel Deutschland Beteiligungs GmbH	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00	100.00
Recticel Grundstücksverwaltung GmbH	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00	100.00
Recticel Dämmsysteme Gmbh (formerly Recticel Handel GmbH)	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00	100.00
Recticel Schlafkomfort GmbH	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00	100.00
Recticel Verwaltung GmbH & Co. KG	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00	100.00
Luxembourg			
Recticel RE s.a.	23, Avenue Monterey, L-2163 Luxembourg	100.00	100.00
Recticel Luxembourg s.a.	23, Avenue Monterey, L-2163 Luxembourg	100.00	100.00
India			
Recticel India Private Limited	407, Kapadia Chambers, 599 JSS Road, Princess Street, Marine Lines (East), 400002 Mumbai Maharashtra	100.00	100.00
Morroco			
Recticel Mousse Maghreb s.à.r.l. (liquidated)	31 Avenue Prince Héritier, Tanger	- (b)	100.00
Recticel Maroc s.à.r.l.a.u.	Ilot K, Module 4, Atelier 2, Zone Franche d'Exportation de Tanger	100.00	100.00
The Netherlands			
Recticel B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Recticel Holding Noord B.V.	Spoorstraat 69 - 4041 CL Kesteren	- (c)	100.00
Recticel International B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00

(a) Automotive Interiors activities divested on 30 June 2020
(b) Liquidated on 17 March 2020
(c) Merged with Recticel B.V. on 30 December 2020
(d) Liquidated on 31 March 2021

1. SUBSIDIARIES CONSOLIDATED USING THE FULL CONSOLIDATION METHOD : (continued)

Subsidiaries		% shareholding in 31 DEC 2020	% shareholding in 31 DEC 2019
Norway			
Recticel AS	Øysand - 7224 Mehus	100.00	100.00
Poland			
Recticel Sp. z o.o.	Ul. Graniczna 60, 93-428 Lodz	100.00	100.00
Romania			
Recticel Bedding Romania s.r.l.	Miercurea Sibiului, DN1, FN, ground floor room 2 3933 Sibiu County	100.00	100.00
Slovenia			
Turvac d.o.o.	Primorska 6b, 3325 Šoštanj	74.00	74.00
Sweden			
Recticel AB	Södra Storgatan 50 b.p. 507 - 33228 Gislaved	100.00	100.00
Spain			
Recticel Iberica s.l.	Cl. Catalunya 13, Pol. Industrial Cam Ollersanta Perpetua de Mogoda 08130	100.00	100.00
Switzerland			
Recticel Bedding (Schweiz) AG	Bettenweg 12 Postfach 65 - 6233 Büron - Luzern	100.00	100.00
Turkey			
Recticel Teknik Sünger Izolasyon Sanayi ve Ticaret a.s.	Orta Mahalle, 30 - 34956 Istanbul	100.00	100.00
United Kingdom			
Gradient Insulations (UK) Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Recticel (UK) Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
Recticel Limited	Blue Bell Close Clover Nook Industrial Park - DE554RD Alfreton	100.00	100.00
United States of America			
Recticel North America Inc.	Metro North Technology Park - Atlantic Boulevard 1653 - MI 48326 Auburn Hills	- (a)	100.00
The Soundcoat Company Inc.	Burt Drive 1 PO Box 25990 - NY 11729 Deer Park County of Suffolk	100.00	100.00

(a) Automotive Interiors activities divested on 30 June 2020

Significant restrictions to realise assets or settle liabilities Recticel s.a./n.v., or some of its subsidiaries have provided guarantees for (i) an aggregate amount of EUR 0.8 million in favour of OVAM regarding the sanitation and rehabilitation projects on some of its sites and/or sites of its subsidiaries, (ii) an aggregate amount of EUR 0.8 million in favour of the Walloon Département du Sol et des Déchets – DSD, and (iii) and aggregate amount of EUR 2.2 million in favour of various local public entities in France (Préfectures).

Recticel s.a./n.v. also provides guarantees and comfort letters (for a total amount of EUR 90.8 million) to and/or on behalf of various direct or indirect subsidiaries, of which the material (> EUR 1 million) ones are:

- on behalf of Recticel Iberica S.L.: EUR 1.75 million;
- on behalf of Recticel Bedding Romania s.r.l.: EUR 1.4 million;
- on behalf of Recticel Ltd.: EUR 15.1 million, of which an estimated EUR 6.1 million (GBP 5.5 million) for the pension fund;
- on behalf of Recticel Verwaltung GmbH: EUR 5.0 million;
- on behalf of Recticel Insulation s.a.s. in the framework of a real estate lease: EUR 13.0 million;
- on behalf of Recticel Teknik Sünger Izolasyon Sanayi ve Ticaret a.s.: EUR 2.0 million;
- on behalf of Recticel India Private Limited: EUR 0.9 million;
- on behalf of Sembella GmbH (Austria);
- on behalf of Recticel Bedding Schweiz AG: EUR 2.8 million;
- on behalf of Recticel Insulation OY: EUR 15.5 million in the framework of a real estate investment loan;
- on behalf of Recticel Flexible Foams (Wuxi) Co Ltd;
- on behalf of Recticel International Services s.a./n.v.: EUR 3.0 million; and
- on behalf of Recticel Sp.z.o.o., mainly in the framework of a real estate lease: EUR 30.4 million.

Under the new syndicated credit facility agreement, the maximum dividend authorised for distribution, excluding the portion attributable to the treasury shares, amounts to the highest of (i) 50% of the consolidated net income of the Group for the previous financial year and (ii) EUR 14.0 million.

The gross dividend over 2020 – to be paid in 2021 – proposed to the Annual General Meeting amounts to EUR 0.26 per share, leading to a total dividend pay-out of EUR 14.5 million (excluding treasury shares). This amounts is below the above-mentioned 50% maximum pay-out limit.

2. JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

		% shareholding in	
Joint ventures		**31 DEC 2020**	**31 DEC 2019**
Austria			
Eurofoam GmbH	Greinerstrasse 70 - 4550 Kremsmünster	- (e)	50.00
Bulgaria			
Eurofoam-BG o.o.d.	Raiko Aleksiev Street 40, block n° 215-3 Izgrev district, Sofia	- (e)	50.00
Czech			
Eurofoam Bohemia s.r.o.	Osada 144, Chuderice - 418 25 Bilina	- (e)	50.00
Germany			
Eurofoam Deutschland GmbH Schaumstoffe	Hagenauer Strasse 42 – 65203 Wiesbaden	- (e)	50.00
Hungary			
Eurofoam Hungary Kft.	Miskolc 16 - 3792 Sajobabony	- (e)	50.00
Poland			
Eurofoam Polska Sp. z o.o.	ul Szczawinska 42 - 95-100 Zgierz	- (e)	50.00
Romania			
Eurofoam s.r.l.	Str. Garii nr. 13 Selimbar 2428 - O.P.8 C.P. 802 - Jud. Sibiu	- (e)	50.00
Russian Federation			
Eurofoam Kaliningrad	Kaliningrad District, Guierwo Region , 238352 Uszakowo	- (e)	50.00
Slovak Republic			
Poly	Dolné Rudiny 1 - SK-01001 Zilina	- (e)	50.00
Serbia			
Eurofoam Sunder d.o.o.	Vojvodanska Str. 127 - 21242 Budisava	- (e)	50.00

(e) Divested on 30 June 2020

Apart of having the approval from the other joint venture partners to distribute dividends, there are no specific restrictions on the ability of joint ventures to transfer funds to Recticel in the form of cash dividends, or to repay loans or advances made by Recticel.

The Group has legal nor contractual obligations to support net asset deficiencies of a joint venture/ associate for an amount higher than its stake of interest.

3. ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

		% shareholding in	
Associates		**31 DEC 2020**	**31 DEC 2019**
Czech Republic			
B.P.P. spol s.r.o.	ul. Hájecká 11 – 61800 Brno	- (e)	25.68
Eurofoam TP spol.s.r.o.	ul. Hájecká 11 – 61800 Brno	- (e)	40.00
Sinfo	Souhradi 84 - 391 43 Mlada Vozice	- (e)	25.50
Germany			
Proseat Europe GmbH	Hessenring 32 - 64546 Mörfelden-Walldorf	25.00	25.00
TEMDA2 GmbH	Gut Hochschloss 1 - 82396 Pähl	49.00 (f)	0.00
Italy			
Orsa Foam S.p.a.	Via A. Colombo, 60 21055 Gorla Minore (VA)	33.00	33.00
Poland			
Caria Sp. z o.o.	ul Jagiellonska 48 - 34 - 130 Kalwaria Zebrzydowska	- (e)	25.50
PPHIU Kerko Sp. z o.o.	Nr. 366 - 36-073 Strazow	- (e)	25.86
Ukraine			
Porolon Limited	Grodoocka 357 - 290040 - Lviv	- (e)	47.50

(e) Divested on 30 June 2020
(f) Since 30 June 2020 following the partial disposal of the Automotive Interiors activities.

Apart of having the approval from the controlling shareholder(s) to distribute dividends, there are no specific restrictions on the ability of associates to transfer funds to Recticel in the form of cash dividends, or to repay loans or advances made by Recticel.

Recticel s.a./n.v. also provides guarantees and comfort letters, for a total amount of EUR 65.9 million, to and/or on behalf of various direct or indirect joint ventures, of which the material (> EUR 1 million) ones are:

- on behalf of Proseat Europe GmbH: EUR 20.9 million;
- on behalf of TEMDA2 GmbH: EUR 25.0 million; and
- on behalf of various Automotive Interiors companies: EUR 20.0 million.

Moreover Recticel s.a./n.v. guarantees (i) Yanfeng Automotive Interiors group (formerly Johnson Controls) for the proper execution of the contracts under two programs of its subsidiary Recticel North America Inc and (ii) Daimler AG for Mercedes programs of the Interiors division.

4. NON-CONSOLIDATED ENTITIES

Some subsidiaries more than 50% controlled are not consolidated because they are (still) non-material. As soon as they have reached a sufficient size, however, they will be included in the scope of consolidation.

% shareholding in

Non-consolidated entities		31 DEC 2020	31 DEC 2019
Czech Republic			
Matrace Sembella s.r.o.	Hrabinská 498/19 - 73701 Ceský Tesín	100.00	100.00
China			
Recticel Shanghai Ltd	No. 518, Fute North Road, Waigaoqiao Free Trade Zone - 200131 Shanghai	100.00	100.00
Japan			
Inorec Japan KK	Imaika-Cho 1-36, Anjo-Shi	- (a)	50.00

(a) Automotive Interiors activities divested on 30 June 2020

2.4.2.5.5. Interests in joint ventures, associates and other associates

A list of the significant investments in joint ventures and associates is included in note 2.4.2.5.4.

in thousand EUR

Group Recticel	Joint ventures	Associates	Other associates	31 DEC 2020		Joint ventures	Associates	Other associates	31 DEC 2019	
At the end of the preceding period	**39 843**	**25 623**	**0**	**65 465**		**51 577**	**17 054**	**0**	**68 631**	
Movements during the year										
Capital increase	**0**	**0**	**960**	**960**		**0**	**0**	**0**	**0**	
Remeasurement gains/losses on defined benefit plans	(258)	0	(17)	(275)		(823)	(10)	0	(834)	(6)
Income tax relating to components of other comprehensive income	0	0	0	0		(90)	0	0	(90)	
Other comprehensive income net of tax	**(258)**	**0**	**(17)**	**(275)**		**(913)**	**(10)**	**0**	**(923)**	
Group's share in the result for the period	(334)	704	(5 791)	(5 421)		8 862	402	0	9 263	(7)
Translation differences	(1 399)	0	(243)	(1 641)		(91)	187	0	96	
Comprehensive income for the period	**(1 991)**	**704**	**(6 050)**	**(7 337)**		**7 858**	**578**	**0**	**8 436**	
Dividends distributed	3 640	0	0	3 640	(2)	(5 808)	(1 732)	0	(7 540)	(8)
Change in scope	(41 492)	(3 024)	10 692	(33 823)	(1)	(13 803)	9 742	0	(4 062)	(5)
Reclassification	0	(10 953)	10 953	0	(3)	0	0	0	0	
Impairment	0	0	(5 524)	(5 524)	(4)	0	0	0	0	
Other	0	0	0	0		19	(19)	0	0	
At the end of the period	**0**	**12 351**	**11 030**	**23 381**		**39 843**	**25 623**	**0**	**65 465**	

(1) In **2020**, the item 'Change in scope' relates mainly to the sale of 50% participation in Eurofoam and the transfer of the remaining 25% stake in Proseat to the item Other associates.

(2) Dividends distributed by the Eurofoam group prior to the divestments.

(3) In 2020 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. 2.4.2.4.7.)

(4) Impairment loss relates to Proseat, which has been recognized as a result of the realized losses. The recoverable amount is based on fair value measurement (level 3) on the basis of an enterprise value of EUR 90 million minus of the net financial debt.

(5) **In 2019** this relates to (i) the acquisition of the 49% stake in the Proseat companies held by the former joint venture partner Woodbridge and the subsequent sale to Sekisui Plastics Co Ltd of 75% of Proseat – the remaining 25% now controlled through Proseat Europe GmbH and consolidated following the equity method -; (ii) the acquisition of 49% of Proseat NV (Belgium) and (iii) the acquisition of the additional 24% of the shares in Turvac (Insulation) – previously consolidated following the equity method and since 2019 following the full consolidation method.

(6) the actuarial profit relates to the impact of the lower discount rate under IAS19 pension liabilities
(7) In 2019 the item Group's share in the result of the period decreased compared to 2018 and results mainly from the lower result of Eurofoam, including restructuring costs for the closure of the plant in Troisdorf (Germany). The above table compares a 12-month period to a full-year period, but one should also consider the dividends distributed during the period.
(8) Dividends distributed by the joint ventures relate primarily to the Eurofoam group and to a lesser extent Orsafoam.

Pro forma key figures for associates and other associates: **(on a 100% basis)**

in thousand EUR

Group Recticel	Associates		Other associates			Total	
	Orsafoam		Proseat		Temda2*		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2020	31 DEC 2019
Aggregated figures (sum of individual company ledgers before eliminations)							
Non current assets	44 456	30 628	90 456	93 407	61 965	**196 877**	124 035
Current assets	68 146	44 383	78 984	60 965	98 514	245 644	105 348
Total assets	**112 602**	**75 011**	**169 440**	**154 372**	**160 479**	**442 521**	**229 383**
Non current liabilities	(12 827)	(5 294)	(68 483)	(64 522)	(78 926)	(160 236)	(69 816)
Current liabilities	(47 384)	(35 077)	(78 869)	(46 038)	(80 838)	(207 091)	(81 115)
Total liabilities	**(60 211)**	**(40 371)**	**(147 352)**	**(110 560)**	**(159 764)**	**(367 327)**	**(150 931)**
Net equity	**52 391**	**34 640**	**22 088**	**43 812**	**715**	**75 194**	**78 452**
Revenue	**80 489**	**83 591**	**206 881**	**270 503**	**81 228**	**368 598**	**354 094**
Profit or (loss) of the period	**2 159**	**3 908**	**(20 677)**	**6 686**	**(1 269)**	**(19 787)**	**10 594**

* In 2019 Automotive Interiors was fully consolidated in Recticel; hence there are no comparative TEMDA2 figures to report for 2019. Revenue and Profit (loss) of the period relate to 2H2020.

The above figures are at 100% and are not comparable to the actual position and results of the associates on a stand-alone basis. Variances may arise due to differences in the accounting rules and scope of consolidation.

Recticel s.a./n.v. also provides guarantees and comfort letters, for a total amount of EUR 65.9 million, to and/or on behalf of various direct or indirect associates, of which the material (> EUR 1 million) ones are:

- on behalf of Proseat Europe GmbH: EUR 20.9 million
- on behalf of TEMDA 2 GmbH: EUR 25 million, and
- on behalf of various Automotive Interiors companies: EUR 20 million.

The Group did not incur significant contingent liabilities for its interests in associates or other associates.

in thousand EUR

Group Recticel	Orsafoam		Proseat		Temda2	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Net equity (Group share)	**18 594**	**11 546**	**5 522**	**10 953**	**3 797**	**0**
Reversal of real estate revaluation	(6 337)	0	0	0	0	0
Corrections on opening balance	81	0	0	0	7 246 [1]	0
Impairment	0	0	(5 524)	0	0	0
Other	31	88	2	0	0	0
Carrying amount of interests in associate	**12 369**	**11 634**	**0**	**10 953**	**11 043**	**0**

[1] Represents fair value corrections on the net equity following the divestment of Automotive Interiors on 30 June 2020.

2.4.2.5.6. Other financial assets

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Financial investments	**534**	**580**
Loans to affiliates	10 207	9 450
Other loans	1 568	1 586
Non-current financial receivables	**11 775**	**11 036**
Cash advances and deposits	426	1 683
Other receivables	1 043	692
Non-current other receivables	**1 469**	**2 375**
Derivatives - Option valuation	4 865	3 762
Total	**18 643**	**17 752**

The item 'Loans to affiliates' relates mainly to a loan to TEMDA2 (EUR 10.0 million; 2019: EUR 8.5 million to Proseat s.r.o. which was fully reimbursed in 2020). The item 'Other loans' relates to loans granted by Recticel SAS, France (EUR 1.6 million; 2019: EUR 1.6 million) to some of its employees.

The carrying amounts of these non-current receivables approximate the fair value since the interest rate is a variable rate in line with market conditions.

The maximum exposure to credit risk equals to the carrying amounts of these assets as recognised on the statement of financial position.

There are no due but unpaid receivables, nor impairments on the outstanding receivables. There are no specific guarantees offered for the outstanding receivables.

The item 'Cash advances and deposits' are mainly related to guarantees provided for rents and supplies (water, electricity, telecom, waste treatment, …).

The item 'Derivatives – Option valuation' is related to the divestment of Proseat.

2.4.2.5.7. Inventories

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Raw materials & supplies - Gross	50 782	59 368
Raw materials & supplies - Amounts written off	(3 401)	(5 276)
Raw materials & supplies	**47 381**	**54 091**
Work in progress - Gross	10 506	9 856
Work in progress - Amounts written off	(375)	(170)
Work in progress	**10 130**	**9 686**
Finished goods - Gross	26 391	26 248
Finished goods - Amounts written off	(1 335)	(1 733)
Finished goods	**25 056**	**24 515**
Traded goods - Gross	8 804	7 609
Traded goods - Amounts written off	(752)	(572)
Traded goods	**8 052**	**7 038**
Down payments - Gross	1	61
Down payments - Amounts written off	0	0
Down payments	**1**	**61**
Contracts in progress - Gross	213	2 953
Contracts in progress - Gross - Moulds	0	3 453
Contracts in progress	**213**	**6 406**
Total inventories	**90 833**	**101 797**
Amounts written-off on inventories during the period	(2 713)	(2 545)
Amounts written-back on inventories during the period	2 205	2 052

2.4.2.5.8. Contract assets and contract liabilities

The following schedule presents the overview of contract assets and liabilities following application of IFRS 15 and includes both the impact of the opening balance and the movements of the period.

For the year ending 31 December 2020:

in thousand EUR

Group Recticel	Opening balance	Consideration payable to customers	Release to income statement	Reclassification	Exchange differences	Change in scope	Closing balance at the end of the period
Non-current contract assets - Consideration payable to a customer	813	0	(209)	(84)	(7)	(513)	0
Non-current contract assets - Contracts in progress Moulds	8 869	0	(5 742)	3 646	(30)	(6 742)	0
Non-current contract assets - Contracts in progress Tooling & Packaging	1 456	0	(458)	1 702	(30)	(2 671)	0
Non-current contract assets	**11 138**	**0**	**(6 409)**	**5 264**	**(67)**	**(9 926)**	**0**
Current contract assets - Consideration payable to a customer	273	0	(122)	84	(14)	(221)	0
Current contract assets - Contracts in progress Moulds	10 263	0	(469)	(1 645)	(56)	(8 093)	0
Current contract assets - Contracts in progress Tooling & Packaging	765	0	(190)	734	(11)	(1 297)	0
Current contract assets	**11 300**	**0**	**(781)**	**(827)**	**(81)**	**(9 611)**	**0**
Total contract assets	**22 438**	**0**	**(7 190)**	**4 437**	**(148)**	**(19 537)**	**0**
Current contract assets - Contracts in progress Moulds	3 453	0	1 453	(2 004)	(1)	(2 901)	0
Current contract assets - Contracts in progress Tooling & Packaging	2 953	0	905	(2 494)	18	(1 169)	213
Total	**28 844**	**0**	**(4 832)**	**(61)**	**(131)**	**(23 607)**	**213**
Non-current contract liabilities - Mould revenue recognition before SOP (start of production)	2 357	0	2 466	(2 924)	0	(1 898)	0
Non-current contract liabilities - Mould revenue recognition after SOP (start of production)	13 498	0	(8 633)	4 882	(34)	(9 712)	0
Non-current contract liabilities - Tooling & Packaging revenue recognition before SOP (start of production)	2 517	0	1 913	(3 260)	16	(1 186)	0
Non-current contract liabilities - Tooling & Packaging revenue recognition after SOP (start of production)	1 968	0	0	1 592	(29)	(3 531)	0
Non-current contract liabilities	**20 339**	**0**	**(4 255)**	**289**	**(47)**	**(16 327)**	**0**
Contract liabilities - Expected rebates and volume discounts	15 385	0	3 566	(3 437)	(290)	(41)	15 183
Contract liabilities - Long term agreements	366	0	900	0	(7)	(1 260)	0
Contract liabilities - Moulds revenue recognition	16 005	0	(1 019)	(1 837)	(91)	(13 058)	0
Contract liabilities - Tooling & Packaging revenue recognition	1 076	0	(861)	1 629	(11)	(1 833)	0
Current contract liabilities	**32 832**	**0**	**2 586**	**(3 644)**	**(399)**	**(16 191)**	**15 183**
Total contract liabilities	**53 172**	**0**	**(1 669)**	**(3 355)**	**(446)**	**(32 519)**	**15 183**

The decrease of the contract assets and contract liabilities is solely explained by the disposal of the Automotive Interiors activities.

For the year ending 31 December 2019:

in thousand EUR

Group Recticel	Opening balance	Changes in accounting policies	Opening balance restated	Consideration payable to customers	Release to income statement	Reclassification	Exchange differences	Closing balance at the end of the period
Non-current contract assets - Consideration payable to a customer	1 421	0	1 421	98	(769)	56	6	813
Non-current contract assets - Contracts in progress Moulds	13 905	0	13 905	0	(15 435)	10 360	38	8 869
Non-current contract assets - Contracts in progress Tooling & Packaging	0	0	0	0	(805)	2 258	3	1 456
Non-current contract assets	**15 326**	**0**	**15 326**	**98**	**(17 009)**	**12 674**	**48**	**11 138**
Current contract assets - Consideration payable to a customer	349	0	349	0	(20)	(56)	1	273
Current contract assets - Contracts in progress Moulds	13 433	0	13 433	0	156	(3 365)	38	10 263
Current contract assets - Contracts in progress Tooling & Packaging	0	0	0	0	0	763	1	765
Current contract assets	**13 782**	**0**	**13 782**	**0**	**136**	**(2 658)**	**41**	**11 300**
Total contract assets	**29 108**	**0**	**29 108**	**98**	**(16 873)**	**10 016**	**88**	**22 438**
Current contract assets - Contracts in progress Moulds	4 729	0	4 729	0	5 723	(6 995)	(4)	3 453
Current contract assets - Contracts in progress Tooling & Packaging	6 368	0	6 368	0	(403)	(3 021)	(0)	2 943
Total	**40 205**	**0**	**40 205**	**98**	**(11 553)**	**(0)**	**84**	**28 835**
Non-current contract liabilities - Mould revenue recognition before SOP (start of production)	2 375	0	2 375	0	8 897	(8 916)	0	2 357
Non-current contract liabilities - Mould revenue recognition after SOP (start of production)	21 720	0	21 720	0	(21 198)	12 910	66	13 498
Non-current contract liabilities - Tooling & Packaging revenue recognition before SOP (start of production)	0	0	0	0	1 812	708	(3)	2 517
Non-current contract liabilities - Tooling & Packaging revenue recognition after SOP (start of production)	0	0	0	0	0	1 966	2	1 968
Non-current contract liabilities	**24 096**	**0**	**24 096**	**0**	**(10 490)**	**6 669**	**65**	**20 339**
Contract liabilities - Expected rebates and volume discounts	24 369	1	24 370	0	(9 463)	0	478	15 385
Contract liabilities - Long term agreements	334	0	334	0	32	0	1	366
Contract liabilities - Moulds revenue recognition	20 262	0	20 262	0	(323)	(3 995)	61	16 005
Contract liabilities - Tooling & Packaging revenue recognition	0	0	0	0	(1 153)	2 229	1	1 076
Current contract liabilities	**44 964**	**1**	**44 965**	**0**	**(10 907)**	**(1 766)**	**541**	**32 832**
Total contract liabilities	**69 060**	**1**	**69 061**	**0**	**(21 397)**	**4 903**	**605**	**53 172**
Deferred operating income	4 903	0	4 903	0	0	(4 903)	0	0
Total	**73 963**	**1**	**73 964**	**0**	**(21 397)**	**0**	**605**	**53 172**

In the Automotive Interiors activity (divested in June 2020), Recticel developed a polyurethane-based technology for the manufacturing of interior trim components. For optimum implementation of this application, based on the specifications given by its customers, Recticel ensures the manufacturing of the moulds with its own suppliers during the pre-operating phase, before starting production of components. At the end of this subcontracting process, the moulds are sold to the customer.

2.4.2.5.9. Trade receivables, other receivables and other financial assets

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Trade receivables	108 325	103 942
Loss allowance for expected credit losses	(5 599)	(4 825)
Total trade receivables	**102 726**	**99 117**
Other receivables (1)	**17 711**	**20 119**
Derivatives (forward exchange contracts)	0	73
Loans carried at amortised cost	40 219	12 475
Other financial assets (2)	**40 219**	**12 548**
Other receivables and other financial assets (1)+(2)	**57 930**	**32 667**

Trade receivables at the reporting date **2020** comprise amounts receivable from the sale of goods and services for EUR 102.7 million (2019: EUR 99.1 million).

In **2020, other receivables amounting** to EUR 17.7 million relate to (i) VAT receivable (EUR 6.2 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 5.2 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 6.3 million).

In **2019, other receivables** amounting to EUR 20.1 million relate to (i) VAT receivable (EUR 8.6 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 5.6 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 5.9 million).

In **2020, other financial assets** (EUR 40.2 million) mainly consist of, a receivable of EUR 34.9 million (2019: EUR 11.7 million) relating to the continuing involvement under non-recourse factoring programs in Belgium, France, The Netherlands and the United Kingdom and loans of EUR 4.5 million to other associates (2019: EUR 0.2 million).

In **2019, other financial assets** (EUR 12.5 million) mainly consist of, a receivable of EUR 11.7 million (2018: EUR 13.8 million) relating to the continuing involvement under non-recourse factoring programs in Belgium, France, The Netherlands and the United Kingdom.

Factoring

To confine credit risks, non-recourse factoring programs were established for a total amount of EUR 45.1 million, under which no drawdowns were made per 31 December 2020.

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Factoring without recourse		
Gross amount	34 094	58 032
Continuing involvement	(34 094)	(11 738)
Net amount	**0**	**46 294**
Retention amount recognized in debt*	0	758
Total amount factoring without recourse	**0**	**47 051**

* included in the current financial liabilities

The average outstanding amounts of receivables vary according to business line between 10% and 15% of total sales. A strict credit follow-up is organised through a centralised credit management organisation.

The continuing involvement represents the retention of contractual rights as specified in the terms and conditions under the factoring agreement.

Movement in loss allowance for **expected credit losses:**

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
At the end of the preceding period	**(4 825)**	**(4 711)**
Additions	(1 117)	(1 168)
Reversals	693	596
Non-recoverable amounts	7	43
Reclassification	(637)	294
Exchange differences	117	123
Change in scope	163	0
Total at the end of the period	**(5 599)**	**(4 825)**

The non-recoverable amounts refer to trade receivable balances which have been written-off as the Group considers that these are not recoverable.

2.4.2.5.10. Cash and cash equivalents

Cash and cash equivalents include cash held by the Group and short-term bank deposits with an original maturity of three months and less. The carrying amount of these assets approximates to their fair value. There are no specific restrictions that apply to cash and cash equivalents.

2.4.2.5.11. Assets held for sale and discontinued operations

Assets held for sale
In **2020** this item relates to the idle site of Legutiano (Spain).

In **2019** this item relates mainly to idle sites in Hassfurt (Germany) and in Legutiano (Spain).

Discontinued operations
See note 2.4.2.4.7.

In this context it should be noted that the Automotive Interiors divestment agreement contains reciprocal call/put options for Admetos to acquire, or Recticel to sell, its remaining 49% share, exercisable as from March 2024 at a price calculated on the basis of a pre-agreed EBITDA multiple. The current value option is estimated at zero value.

2.4.2.5.12. Share capital

number

Group Recticel	2020	2019
Number of shares		
Number of shares issued and fully paid at 01 January	55 397 439	55 227 012
Number of shares issued and fully paid at 31 December	55 742 920	55 397 439
of which number of treasury shares at 31 December	*326 800*	*326 800*

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Issued and fully paid shares	139 357	138 494

The change in share capital is explained by the exercise of subscription rights in 2020.

Recticel manages its share capital, without any corrections or adjustments. There are no external capital restrictions applicable on the share capital, except for the 'syndicated revolving credit financing facility and the acquisition financing facility, which are subject to some financial covenants. One covenant limits the annual dividend payment to highest of (i) 50% of the consolidated net income of the Group for the previous financial year and (ii) EUR 14.0 million.

2.4.2.5.13. Employee benefit liabilities

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Post-employment benefits: defined benefit plans	50 465	55 543
Other long-term benefits and termination benefits	1 877	2 317
Net liabilities at 31 December	**52 342**	**57 860**

Post-employment benefits: defined benefit plans
Over 99% of the defined benefit obligation is concentrated in five countries: Belgium (43%), United Kingdom (24%), Switzerland (19%), Germany (7%) and France (6%).

Within these five countries Recticel operates funded and unfunded defined benefit retirement plans. These plans typically provide retirement benefits related to remuneration and period of service. The following sections describe the three largest retirement plans, which make up 86% of the total defined benefit obligation.

in thousand EUR

Group Recticel 31 DEC 2020	Defined benefit obligation	Assets	Funded status	Adjustment due to asset ceiling/ onerous liability	Net liability/ (asset)
Belgium	75 319	(51 752)	23 567	0	23 567
United Kingdom	41 903	(37 555)	4 348	348	4 696
Switzerland	33 673	(35 216)	(1 543)	1 482	(61)
Other countries	25 571	(3 308)	22 263	0	22 263
Total	**176 466**	**(127 831)**	**48 635**	**1 830**	**50 465**

Belgium
The defined benefit and hybrid pension plans in Belgium are plans funded through group insurances. Only the employer pays contributions to fund the plans. The defined benefit plans are closed for new employees since 2003. Most hybrid plans are still open to new employees. The plans function in and comply with a regulatory framework and comply with the local minimum funding requirements. The plan participants are entitled to a lump sum on retirement at age 65. The pension benefits provided by the plans are related to the employees' salary. Active members also receive a benefit on death-in-service. The assumed form of benefit payment is in all cases a lump sum, but the plans foresee the option to convert to annuity.

United Kingdom
Recticel sponsors one defined benefit plan in the United Kingdom. It is a funded pension plan which is closed to new entrants and to further accrual of benefits for existing members. The plan is administered via a trust which is legally separate from Recticel and is administered by a board of Trustees composed of both employer-appointed and member-nominated Trustees. The Trustees are required by law to act in the interest of the beneficiaries of the plan, and are responsible for the investment policy in respect of plan assets and for the day to day administration of the benefits. The plan functions in and complies with a regulatory framework and is subject to local minimum funding requirements. Under the plan, participants are entitled to annual pensions on retirement at age 65 based on the final pensionable salary and the years of service. Members also receive benefits on death.

UK legislation requires that the liabilities of defined benefit pension schemes are calculated for funding purposes on a prudent basis. The last funding valuation of the plan was carried out as at 31 December 2019 and showed a deficit of GBP 3.0 million. A new recovery plan was agreed in March 2021 to eliminate this deficit by 31 October 2022. Recticel agreed to pay a total amount of GBP 5.4 million as recovery contributions during the period 01 January 2020 to 31 December 2024. The outstanding amount at 31 December 2020 is GBP 4.4 million.

Switzerland

Recticel sponsors a hybrid pension plan in Switzerland. Both employer and employees pay contributions to fund the plan. The plan is open to new employees. The plan is administered via a pension fund and a welfare fund which are legally separate from Recticel. The board of Trustees of the pension fund is equally composed of representatives of both the employer and employees, whereas the board of the welfare fund is composed of employer representatives. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets and the administration and financing of the benefits. The plan operates in accordance with a regulatory framework and complies with the local minimum funding requirements. Under the plan, participants are insured against the financial consequences of old age, disability and death.

- **Risks associated with defined benefit pension plans**

The most significant risks associated with Recticel's defined benefit plans are:

Asset volatility:

The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The schemes hold a significant proportion of equities which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to equities is monitored to ensure it remains appropriate given the long-term obligations.

Changes in bond yields:

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes, although this will be partially offset by an increase in the value of the bond holdings.

Inflation risk:

The benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in some cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy:

Many of the obligations are to provide benefits for the life of the member or take into account member mortality rates, so increases in life expectancy will result in an increase in the liabilities.

Currency risk:

The risk that arises from the change in price of the euro against other currencies.

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Evolution of the net liability during the year is as follows:		
Net liability at 01 January	**55 543**	**49 954**
Changes in scope of consolidation	(2 860)	696
Expense recognised in the income statement	7 491	5 257
Employer contributions	(8 955)	(7 121)
Amount recognised in other comprehensive income	(419)	6 434
Exchange differences	(335)	323
Net liability at 31 December	**50 465**	**55 543**

Changes in scope of consolidation relate in 2020 to the partial divestment of the Automotive Interiors division, and in 2019 to the acquisition of 49% of Proseat nv after disposal of Proseat affiliates.

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Pension costs recognised in profit and loss and other comprehensive income:		
Service cost:		
Current service cost	7 417	5 769
Employee contributions	(269)	(303)
Past service cost (including curtailments)	(390)	(1 279)
Cost or gain on settlement	102	0
Administration expenses	314	306
Net interest cost:		
Interest cost	1 283	2 610
Interest income	(987)	(1 875)
Interest on asset ceiling/ onerous liability	21	29
Pension expense recognised in profit and loss	**7 491**	**5 257**
Remeasurements in other comprehensive income		
Return on plan assets (in excess of)/below that recognised in net interest	(6 084)	(10 634)
Actuarial (gains)/losses due to changes in financial assumptions	8 271	19 254
Actuarial (gains)/losses due to changes in demographic assumptions	128	(1 690)
Actuarial (gains)/losses due to experience	(1 548)	(293)
Changes in the asset ceiling/ onerous liability impact, excluding amounts recognised in net interest cost	(1 186)	(203)
Total amount recognised in other comprehensive income	**(419)**	**6 434**
Total amount recognised in profit and loss and other comprehensive income	**7 072**	**11 691**

In 2020, amounts for past service costs (including curtailments) relate to plan changes in Belgium and to Guaranteed Minimum Pension equalisation in the United Kingdom. In 2019, they related to restructurings in Belgium and in France.

in thousand EUR

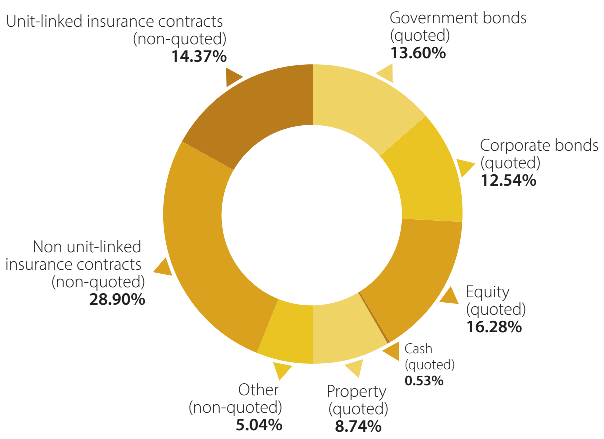
Group Recticel	31 DEC 2020	31 DEC 2019
Amounts recorded in the statement of financial position in respect of the defined benefit plans are:		
Defined benefit obligations for funded plans	168 673	173 466
Fair value of plan assets	(127 831)	(128 340)
Funded status for funded plans	**40 842**	**45 126**
Defined benefit obligations for unfunded plans	7 793	7 351
Total funded status at 31 December	**48 635**	**52 477**
Asset ceiling/ onereous liability	1 830	3 066
Net liabilities at 31 December	**50 465**	**55 543**
The key actuarial assumptions used at 31 December (weighted averages) are:		
Discount rate	0,50%	0,78%
Future pension increases	0,83%	0,82%
Expected rate of salary increases	1,80%	1,85%
Inflation	1,73%	1,68%

The mortality assumptions are based on recent mortality tables. The mortality tables of the United Kingdom, Germany and Switzerland assume that life expectancies will increase in future years.

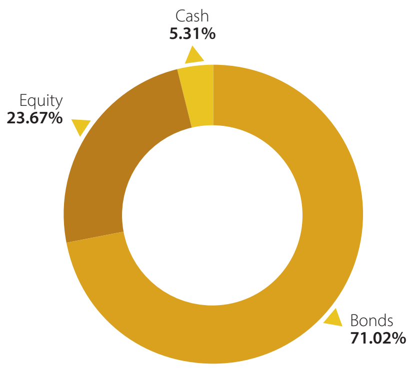
Movement of the plan assets		
Fair value of plan assets at 01 January	128 340	109 445
Changes in scope of consolidation	(5 127)	882
Interest income	987	1 875
Employer contributions	8 955	7 121
Employee contributions	269	303
Benefits paid (direct & indirect, including taxes on contributions paid)	(9 513)	(4 554)
Return on plan assets in excess of/(below) that recognised in net interest, excl. interest income	6 084	10 634
Settlement gains/(losses)	(47)	0
Administration expenses	(314)	(306)
Exchange differences	(1 803)	2 940
Fair value of plan assets at 31 December	**127 831**	**128 340**

The funded plans' assets are invested in mixed portfolios of shares and bonds, or insurance contracts. The plan assets do not include direct investments in Recticel shares, Recticel bonds or any property used by Recticel companies.

Plan assets portfolio mix at 31 December 2020



Asset classes of unit-linked insurance contracts



Unit-linked insurance contracts are investments in debt, equity and cash instruments managed by an insurance company, in which Recticel holds a specific number of fund units of which the net asset value is declared on a regular basis. Non-unit-linked insurance contracts are pure insurance policies with only limited financial investment risk.

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Movement of the defined benefit obligation		
Defined benefit obligation at 01 January	**180 817**	**156 285**
Changes in scope of consolidation	(7 987)	1 578
Current service cost	7 417	5 769
Interest cost	1 283	2 610
Benefits paid (direct & indirect, including taxes on contributions paid)	(9 513)	(4 554)
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions	8 271	19 254
Actuarial (gains)/losses on liabilities arising from changes in demographic assumptions	128	(1 690)
Actuarial (gains)/losses on liabilities arising from experience	(1 548)	(293)
Past service cost (including curtailments)	(390)	(1 279)
Settlement (gains)/losses	55	0
Exchange differences	(2 067)	3 137
Defined benefit obligation at 31 December	**176 466**	**180 817**
Split of the defined benefit obligation per population		
Active members	90 417	98 652
Members with deferred benefit entitlements	37 067	33 463
Pensioners/Beneficiaries	48 982	48 702
Total defined benefit obligation at 31 December	**176 466**	**180 817**
Changes in the effect of the asset ceiling/ onerous liability during the year		
Asset ceiling/ onerous liability impact at 01 January	3 066	3 115
Interest on asset ceiling/ onerous liability	21	29
Changes in the asset ceiling/ onerous liability impact, excluding amounts recognised in net interest cost	(1 186)	(203)
Exchange differences	(71)	125
Asset ceiling/ onerous liability impact at 31 December	**1 830**	**3 066**
Weighted average duration of the defined benefit obligation at 31 December	**13 years**	**13 years**
Sensitivity of defined benefit obligation to key assumptions at 31 December		
% increase in defined benefit obligation following a 0.25% decrease in the discount rate	3.52%	3.40%
% decrease in defined benefit obligation following a 0.25% increase in the discount rate	-3.32%	-3.22%
% decrease in defined benefit obligation following a 0.25% decrease in the inflation rate	-1.32%	-1.38%
% increase in defined benefit obligation following a 0.25% increase in the inflation rate	1.37%	1.37%

For plans where a full valuation has been performed the sensitivity information shown above is exact and based on the results of this full valuation. For plans where results have been rolled forward from the last full actuarial valuation, the sensitivity information above is approximate and takes into account the duration of the liabilities and the overall profile of the plan membership.

in thousand EUR

Group Recticel	2021
Estimated contributions for the coming year	
Expected employer contributions for defined benefit plans	8 272

- **Post-employment benefits: defined contribution plans**

The amount recognised as an expense for defined contribution plans in respect of continuing operations was EUR 4,038,063 (2019: EUR 4,274,623).

2.4.2.5.14. Provisions

For the year ending 31 December 2020:

in thousand EUR

Group Recticel	Litigations	Defective products	Environmental risks	Restructuring	Provisions for onerous contracts	Other risks	Total
At the end of the preceding year	**25**	**1 607**	**1 730**	**7 179**	**(0)**	**2 123**	**12 664**
Movements during the year							
Changes in scope	0	0	0	(3 885)	0	0	**(3 885)**
Increases	0	193	1 211	2 006	1 440	10 001	**14 851**
Utilisations	0	(134)	(583)	(2 730)	(2)	(623)	**(4 073)**
Write-backs	0	(271)	0	(769)	(34)	0	**(1 074)**
Transfer from one heading to another	0	0	0	(434)	434	2 159	**2 159**
Exchange rate differences	0	(14)	(0)	0	0	(51)	**(65)**
At year-end	**25**	**1 382**	**2 358**	**1 367**	**1 838**	**13 608**	**20 577**
Non-current provisions (more than one year)	25	1 382	2 150	0	1 838	13 584	**18 979**
Current provisions (less than one year)	0	0	208	1 367	0	23	**1 598**
Total	**25**	**1 382**	**2 358**	**1 367**	**1 838**	**13 608**	**20 577**

Provisions for defective products are mainly related to warranties granted for products in the bedding division. The provisions are generally calculated on the basis of 1% of yearly turnover, which corresponds to the management's best estimate of the risk under 12-month warranties. When historical data are unavailable, the level of the provisions is compared to the yearly effective rate of liabilities, and if necessary, the amount of provision is adjusted.

Provisions for environmental risks cover primarily (i) the identified risk at the Tertre (Belgium) site (see section 2.4.2.6.9.1.) and (ii) other pollution risks in Belgium. EUR 2.1 million of this provision has been used in 2020 to cover clean-up costs on the site in Tertre.

Provisions for reorganisation relate to the outstanding balance of expected expenses relating to (i) the closure of the Bedding plant in Hassfurt (Germany) (EUR 0.8 million) and (ii) the further streamlining in the corporate and central services (EUR 0.8 million).

Provisions for other risks relate mainly to legal costs and fees for legacy remediation and litigations (see 2.4.6.9. – Contingent assets and liabilities) as well as management assessments with regards to post-closing settlements linked to the disposal of the Automotive Interiors activities. (cfr 2.4.2.4.7.)

For the major risks (i.e. environmental, reorganisation and other risks) the cash outflow is expected to occur within a two years' horizon.

2.4.2.5.15. Financial liabilities

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

in thousand EUR

Group Recticel	Non-current liabilities		Current liabilities	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Secured				
Lease liabilities	55 726	80 561	11 142	15 837
Bank loans	12 867	18 103	901	1 778
Factoring with recourse	0	0	0	758
Total secured	**68 593**	**98 664**	**12 043**	**18 373**
Unsecured				
Other loans	1 834	1 670	260	260
Current bank loans	0	0	275	259
Commercial paper	0	0	0	96 936
Bank overdrafts	0	0	1 152	742
Other financial liabilities	0	0	673	846
Total unsecured	**1 834**	**1 670**	**2 360**	**99 043**
Total liabilities carried at amortised cost	**70 427**	**100 334**	**14 403**	**117 416**

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

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Drawn amounts under the various available interest-bearing borrowing facilities		
Outstanding amounts under lease liabilities	55 726	80 561
Outstanding amounts under other non-current loans	14 701	19 773
Outstanding amounts under non-current gross interest-bearing borrowings (a)	**70 427**	**100 334**
Outstanding amounts under bank overdrafts	1 152	742
Outstanding amounts under current bank loans	1 176	2 036
Outstanding amounts under lease liabilities	11 142	15 837
Outstanding amounts under factoring programs - retention amount	0	758
Outstanding amounts under commercial paper programs [1]	0	96 936
Outstanding amounts under other current loans	260	260
Outstanding amounts under other financial liabilities	673	846
Outstanding amounts under current gross interest-bearing borrowings (b)	**14 403**	**117 416**
Total outstanding amounts under gross interest-bearing borrowings (c)=(a)+(b)	**84 830**	**217 750**
Outstanding amounts under non-recourse factoring programs (d)	0	47 051
Total outstanding amounts under gross interest-bearing borrowings and factoring programs (e)=(c)+(d)	**84 830**	**264 801**
Weighted average lifetime of non-current interest-bearing borrowings (in years)	**4.7**	**3.5**
Weighted average interest rate of gross financial debt at fixed interest rate	2.24%	1.98%
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	2.02%	0.39%
Interest rate range of gross financial debt at variable interest rate	0.80% - 3.70%	0.25% - 3.70%
Weighted average interest rate of total gross financial debt	**2.24%**	**0.90%**
Percentage of gross financial debt at fixed interest rate	**100.0%**	**32.0%**
Percentage of gross financial debt at variable interest rate	**0.0%**	**68.0%**

[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. Therefor the reported unused amount under the EUR 175 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 amortised cost.

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 (see note 2.4.2.1.2.1.1.), and (ii) leases formerly classified as 'finance leases'. These finance leases consist mainly of three leases:

(i) the lease financing the Insulation plant in Bourges (France), has an outstanding amount as of 31 December 2020 of EUR 4.9 million and is at floating rate, hedged by interest rate swap (cfr 2.4.2.5.17);

(ii) the lease financing buildings in Belgium, has an outstanding amount as of 31 December 2020 of EUR 2.0 million and is at a fixed rate;

(iii) the additional lease to finance the extension of the Insulation plant in Wevelgem (Belgium) in 2017, has the outstanding amount as of 31 December 2020 of EUR 7.4 million and is at fixed rate.

(ii) Bank loans – "club deal"

On 09 December 2011, Recticel concluded a five-year club deal for a multi-currency loan of EUR 175 million. The tenor of this club deal facility – in which 6 European banks are participating - has been extended in February 2016 for another five years and was maturing in February 2021.

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 acquisition of FoamPartner, that has been 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 31 December 2020 is EUR 13.7 million.

(iv) Commercial paper program

In 2017, the Group started 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 the club deal/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.

• Other financial liabilities

For interest rate swaps reference is made to 2.4.2.5.17.

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Other financial debt	120	190
Interest accruals	330	441
Total	**450**	**631**

2.4.2.5.16. Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchases. Trade payables slightly decreased to EUR 88.9 million (2019: EUR 93.0 million).

Other current amounts payable increased by EUR 7.6 million and is composed as follows:

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Other non current liabilities maturing within one year	158	162
VAT payable - local and foreign	10 231	7 458
Other tax payables	1 620	1 998
Payroll, social security	33 912	35 666
Dividend payable	444	402
Result transfer (fiscal unit)	2 964	0
Other debts	26 029	13 496
Accrued liabilities - operating	9 081	15 799
Deferred income - operating	3 242	5 170
Deferred income - insurance premium	725	667
Deferred income - gain on sale and leaseback	472	506
Total	**88 878**	**81 324**

The major movements are linked to the partial divestment from the Automotive Interiors activities.

2.4.2.5.17. Financial instruments and financial risks

The following table presents the financial instruments by category of IFRS 9 and the fair value level for the financial assets and liabilities measured at fair value:

in thousand EUR

Group Recticel	Category under IFRS 9	31 DEC 2020	31 DEC 2019	Fair value level
Financial assets				
Transactional hedges - operational	**FVTPL**	**0**	**73**	**2**
Derivatives not designed in a hedge relationship	FVTPL	69	206	2
Current trade receivables	**AC**	**102 726**	**99 117**	**2**
Other non-current receivables	AC	6 334	6 137	2
Other receivables	AC	17 711	20 119	2
Other receivables	**AC**	**24 045**	**26 256**	**2**
Loans to affiliates	AC	10 207	9 450	2
Other loans	AC	1 568	1 586	2
Non-current loans	**AC**	**11 775**	**11 036**	**2**
Financial receivables	AC	40 150	12 269	2
Loans to affiliates	**AC**	**51 925**	**23 305**	**2**
Cash and cash equivalents	**AC**	**79 255**	**48 479**	**2**
Other investments	**FVTOCI**	**523**	**522**	**2**
Financial liabilities				
Interest rate swaps designated as cash flow hedge relationship	**CFH**	**95**	**125**	**2**
Transactional hedges - operational	**FVTPL**	**46**	**9**	**2**
Derivatives not designated in a hedge relationship	FVTPL	83	81	2
Non-current financial liabilities at amortised cost	**AC**	**70 427**	**100 334**	**2**
Current financial liabilities at amortised cost	**AC**	**14 180**	**117 201**	**2**
Trade payables	**AC**	**88 922**	**93 089**	**2**
Other non-current payables	AC	26	43	2
Other payables	AC	88 878	81 325	2
Other payables	**AC**	**88 903**	**81 367**	**2**

AC = financial assets or liabilities at amortised cost
CFH = cash flow hedge
FVTPL = Financial assets or liabilities at fair value through profit or loss
FVTOCI = financial assets at fair value through other comprehensive income

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 :	quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2 :	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3:	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period ending 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial risk management

• Credit risk

The Group's principal current financial assets are cash & cash equivalents, trade and other receivables, and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of loss allowances for expected credit losses, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The risk profile of the trade receivables portfolio is segmented by business line and based on the conditions of sale observed on the market. At the same time, it is confined by the agreed limits of the general conditions of sale and the specifically agreed conditions, adapted accordingly. The latter also depend on the degree of industrial and commercial integration of the customer, as well as on the level of market competitiveness.

The trade receivables portfolio in Flexible Foams, Bedding and Insulation consists of a large number of customers distributed among various markets, for which the credit risk is assessed on an on-going basis and based on which the commercial and financial conditions are granted. In addition, the credit risks on trade receivables, except for Automotive associates, are mostly covered by credit insurance policies which the Group manages centrally and harmonises. In case of transfer of these receivables to the factoring company, the latter becomes the beneficiary of these credit insurance policies. The credit risk management is also strengthened by an organisation which is to a great extent centralised and enabled by the SAP FSCM software and best practice regarding the collection of receivables.

Credit terms granted on sales vary in function of the customer credit assessment, the business line and the country of operations.

There is a limited credit risk assessment on shareholder loans granted to the other associates. Shareholder loans to other associates are provided in accordance with rules foreseen in the joint venture agreements, which are subject to the evolution of the operational business performance.

• Interest rate risk management

Recticel is hedging economically the interest rate risk linked to its interest-bearing borrowings on a global basis. The main derivative instruments used to convert floating rate debt into fixed rate debt are Interest Rate Swaps (IRS). The amount of fixed rate arrangements in relation to total financial debt is reviewed on an on-going basis by the Finance Committee and adjusted as and when deemed appropriate. In this, the Finance Committee aims at maintaining an appropriate balance between fixed and floating rate arrangements based on a philosophy of sound spreading of interest rate risks.

In an interest rate swap ("IRS") agreement, the Group undertakes to pay or receive the difference between the amounts of interest at fixed and floating rates on a nominal amount. This type of agreement enables the Group to fix the rate on a portion of its floating rate debt in order to be protected against the risk of higher interest charges on a loan at floating interest rates.

The market value of the portfolio of interest rate swaps on the reporting date is the discounted value of the future cash flows from the contract, using the interest rate curves at that date.

The current portfolio of IRS covers a portion of interest-bearing borrowings for EUR 10 million until July 2024.

The weighted average tenor of the IRS portfolio is 3.5 years.

On 31 December 2020, the fair value of the interest rate swaps was estimated at EUR -0.05 million.

All financial leases (EUR 14.4 million, of which EUR 2.0 million relate to a sale & lease back in Belgium) and a bank loan of EUR 13.7 million are at fixed rate or hedged; whereas most other bank debt is contracted at floating rate.

The current portfolio of interest rate swaps provides a global hedge for a total of EUR 10.0 million at 31 December 2020.

Sensitivity to interest rates

The Group's interest rate risk exposure derives from the fact that it finances at both fixed and variable interest rates. The Group manages the risk centrally through an appropriate structure of loans at fixed and variable interest rates and through interest rate swaps (IRS). The interest rate hedges are evaluated regularly to bring them in line with the Group's view on the trend in interest rates on the financial markets, with the aim of optimising interest charges throughout the various economic cycles. Hedge accounting in accordance with IFRS 9 is not applied.

- ***Profit and loss impact from interest rate hedges***

Had the interest rates yield curve risen by 100 basis points, with all other parameters unchanged, the Group's profit on the IRS portfolio in 2020 would have increased by EUR +0.05 million, compared to EUR +0.5 million in 2019.

Conversely, had the interest rates yield curve fallen by 100 basis points, with all other parameters unchanged, the Group's profit on the IRS portfolio in 2020 would have decreased by EUR -0.0 million, compared to EUR -0.3 million in 2019.

- ***Currency risk management***

It is the Group's policy to hedge foreign exchange exposures resulting from financial and operational activities via Recticel International Services s.a./n.v. (RIS), which acts as internal bank of the Group. This hedging policy is mainly implemented through forward exchange contracts. Hedge accounting under IFRS 9 is not applied for currency risk management.

In general, the Group concludes forward exchange contracts to cover currency risks on incoming and outgoing payments in foreign currency. The Group may also conclude forward exchange contracts and option contracts to cover currency risks associated with planned sales and purchases of the year, at a percentage which varies according to the predictability of the payment flows.

At reporting date, forward exchange contracts were outstanding for a nominal amount of EUR 24.9 million and with a total fair value of EUR +0.15 million.

Sensitivity analysis on currency risks

The Group deals mainly in 6 currencies outside the euro zone: GBP, USD, CHF, SEK, PLN, and CNY.

The following table details the sensitivity of the Group to a positive or negative variation, compared to the annual variation in the pairs of currencies during the previous financial year.

The sensitivity analysis covers only the financial amounts in foreign currency which are recognised in the statement of financial position and which are outstanding at 31 December and determines their variations at the conversion rates based on the following assumptions: USD and GBP 10%; PLN, CHF and SEK 5%.

The following table details the Group's sensitivity in profit or loss to a respectively 10% increase (or decrease) of the US Dollar and Pound Sterling against the Euro, and 5% increase and decrease of the Polish Zloty, Swedish Krona and Swiss Franc against the Euro. The percentages applied in this sensitivity analysis represent the management's assessment of the volatility of these currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and liabilities and adjusts their translation at the period end for a 10%, respectively 5%, change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. It includes also the foreign exchange derivatives (not designated as hedging instruments).

A positive number indicates an increase in profit or loss when the Euro weakens by respectively 10% against the US Dollar or the Pound Sterling, or 5% against the Polish Zloty, Swedish Krona or Swiss Franc. For a respectively 10% strengthening of the Euro against the US Dollar or the Pound Sterling, or 5% against the Polish Zloty, Swedish Krona or Swiss Franc, there would be a comparable opposite impact on the profit or loss (i.e. the impact would be negative).

in thousand EUR

Group Recticel	Strengthening of USD versus EUR		Strengthening of GBP versus EUR		Strengthening of SEK versus EUR		Strengthening of CHF versus EUR		Strengthening of PLN versus EUR		Strengthening of CNY versus EUR	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Historical average variation	10%	10%	10%	10%	5%	5%	5%	5%	5%	5%	5%	5%
Profit or (loss) recognized in the P&L account	393	(288)	(191)	77	2	(112)	(256)	74	(21)	68	1 240	154
Financial assets *	16 426	46 191	10 527	35 839	3 033	9 397	(692)	7 231	1 079	12 539	37 086	6 052
Financial liabilities *	(12 492)	(44 935)	(3 447)	(37 640)	(2 107)	(10 032)	(3 877)	(5 818)	(12)	(10 487)	(12 295)	(8 626)
Derivatives	0	(4 134)	(8 986)	2 570	(877)	(1 600)	(553)	70	(1 490)	(700)	0	(510)
Total net exposure	**3 934**	**(2 878)**	**(1 906)**	**769**	**49**	**(2 235)**	**(5 121)**	**1 483**	**(423)**	**1 352**	**24 791**	**(3 084)**

* includes trade and other receivables and trade and other payables.

Financial assets and liabilities represent the foreign currency exposure of the different subsidiaries of the Group in relation to their local currency.

As of November 2020, in anticipation of the FoamPartner share acquisition of 2021 (cfr 2.4.2.6.3. Events after the reporting date), the Group has created a currency hedge with derivative foreign exchange forward contracts to (partially) economically hedge against exposure to changes in the EUR/CHF exchange rate. The Group applies cash flow hedging accounting in accordance with guidance provided by IFRS 9 to this transaction, in order to manage the profit and loss volatility. At year-end there was no ineffectiveness recognized in the profit and loss statement. Effective 01 April 2021 the acquisition of FoamPartner was closed.

Liquidity risk

The financing sources are well diversified, and the bulk of the debt is irrevocable and long-term or backed-up by long-term commitments. It included a 5-year club deal revolving credit facility concluded in December 2011 for an amount of EUR 175 million, which was extended in February 2016 for a new 5-year period until February 2021. This facility has been replaced as of February 01, 2021 by a new 3-year EUR 100 million syndicated revolving credit facility, with two 1-year extension options.

On 31 March 2021, EUR 205 million has been drawn under a new acquisition facility which has been put in place in relation with the acquisition of FoamPartner (cfr 2.4.2.6.3. Events after the reporting date).

In addition to the long-term loans, the Group has a diversified range of short-term financing sources, including a commercial paper program and non-recourse factoring facilities.

The diversified financing structure and the availability of committed unused credit facilities for EUR 272.2 million guarantee the necessary liquidity to ensure the future activities and to meet the short- and medium-term financial commitments.

The Group does not enter in financial instruments that require cash deposits or other guarantees (i.e. margin calls).

The former 'club deal' financing agreement was subject to bank covenants based on an adjusted leverage ratio, an adjusted interest cover and a minimum equity requirement; all on a combined basis. At the end of 2020, Recticel complied with all its bank covenants. The new syndicated facility that replaced the former club deal facility as of 01 February 2021 is subject to bank covenants based on an adjusted leverage ratio and an adjusted interest cover, on a consolidated basis. These bank covenants will continue to be determined on the basis of the generally accepted accounting principles that were in place at the moment of the closing of the club deal agreement ("frozen GAAP"). The adoption of IFRS 16 has no an impact on the measurement of these covenants.

Under the former club deal financing agreement, the maximum dividend authorised for distribution, excluding the portion attributable to the treasury shares, amounts to the highest of (i) 50% of the consolidated net income of the Group for the previous financial year and (ii) EUR 12.0 million. Under the new syndicated facility agreement, the maximum dividend authorised for distribution, excluding the portion attributable to the treasury shares, amounts to the highest of (i) 50% of the consolidated net income of the Group for the previous financial year and (ii) EUR 14.0 million

The gross dividend over 2020 – to be paid in 2021 – proposed to the Annual General Meeting amounts to EUR 0.26 per share, leading to a total dividend pay-out of EUR 14.5 million (excluding treasury shares). This amount falls below the above-mentioned 50% maximum pay-out limit.

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

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Unused amounts under non-current financing facilities		
Undrawn available commitments under the club deal facility [1]	175 000	78 064
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	**175 000**	**78 064**
Unused amounts under current financing facilities		
Undrawn under current on-balance facilities	40 995	53 087
Undrawn under off-balance factoring programs	56 219	35 333
Total available under current facilities	**97 214**	**88 420**
Total unused amounts under financing facilities	**272 214**	**166 484**

[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. Therefor the reported unused amount of EUR 175 million under the EUR 175 million club deal revolving credit facility is after deduction of the issued amounts under the commercial paper program.

• **Maturity analysis of financial liabilities**

For the year ending 31 December 2020:

in thousand EUR

Group Recticel	Maturing within one year (A)	Maturing between 1 and 5 years (B)	Maturing after 5 years (C)	Total (A)+(B)+(C)	Future financial charges	Carrying amount
Lease liabilities	15 703	37 748	24 020	**77 471**	(10 603)	**66 868**
Bank loans	1 266	5 064	10 128	**16 458**	(2 690)	**13 768**
Other loans	270	1 001	1 020	**2 291**	(197)	**2 094**
Interest-bearing borrowings	**17 239**	**43 813**	**35 168**	**96 221**	**(13 490)**	**82 731**
Other financial liabilities - Non-derivative	**1 877**	**0**	**0**	**1 877**	**0**	**1 877**
Other financial liabilities - Derivative	**223**	**0**	**0**	**223**	**0**	**223**
Total						**84 830**
Non-current financial liabilities						70 427
Current financial liabilities						14 403
Total						**84 830**

For the year ending 31 December 2019:

in thousand EUR

Group Recticel	Maturing within one year (A)	Maturing between 1 and 5 years (B)	Maturing After 5 years (C)	Total (A)+(B)+(C)	Future financial charges	Carrying Amount
Lease liabilities	23 124	58 493	27 836	**109 454**	(13 055)	**96 398**
Bank loans	2 532	10 343	10 128	**23 004**	(3 123)	**19 881**
Other loans	270	1 001	790	**2 061**	(131)	**1 930**
Interest-bearing borrowings	**25 926**	**69 837**	**38 755**	**134 518**	**(16 309)**	**118 209**
Other financial liabilities - Non-derivative	**99 326**	**0**	**0**	**99 326**	**0**	**99 326**
Other financial liabilities - Derivative	**215**	**0**	**0**	**215**	**0**	**215**
Total						**217 750**
Non-current financial liabilities						100 334
Current financial liabilities						117 416
Total						**217 750**

2.4.2.5.18. Business combinations and disposals

There were no material business combinations during 2020, nor in 2019.

In 2020, the Automotive Interiors business has been disposed of and is considered a discontinued operation in the 2020 consolidated financial statements (see note 2.4.2.4.7.). Likewise the 50% participation in the Eurofoam group was sold.

2.4.2.5.19. Capital management

The overview below defines the capital components which management considers key in order to realise its capital structure target ratio (i.e. Total net financial debt/Total equity) of less than 50%.

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Hedging liabilities	223	215
Non current financial liabilities	70 426	100 334
Current portion of non current financial liabilities	12 303	17 875
Current financial liabilities	1 426	98 885
Interest accruals	330	441
Gross financial debt	**84 708**	**217 750**
Cash and cash equivalents	(79 255)	(48 479)
Deferred interest	0	(337)
Hedging assets	(69)	(279)
Net financial debt	**5 384**	**168 655**
Drawn amounts under off-balance non-recourse factoring programs	(810)	47 052
Total net financial debt	**4 574**	**215 707**
Total equity	**334 780**	**275 397**
Ratios		
Net financial debt / Total equity	1.6%	61.2%
Total net financial debt / Total equity	1.4%	78.3%

2.4.2.6. Miscellaneous

2.4.2.6.1. Other 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.

Following the divestment of the 50% participation in Eurofoam (cfr I.7.7.3.) all guarantees provided on behalf of Eurofoam GmhH and subsidiaries have been stopped as of 30 June 2020.

Compared to the situation per 31 December 2019, most other outstanding guarantees and/or comfort letters remained in place; save for some minor adjustments in some committed amounts.

During the year 2020, Recticel s.a./n.v. issued the following material (> EUR 1 million) new additional guarantees and/or comfort letters :

For subsidiaries:

- on behalf of Recticel Sp z.o.o. in the framework of a new real estate lease agreement: EUR 29.6 million.

For other associates:

- on behalf of TEMDA2 GmbH: EUR 25.0 million;
- on behalf of various Automotive Interiors companies: EUR 20.0 million; and
- on behalf of Proseat Europe GmbH: EUR 16.0 million.

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	160 734	87 331

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 105.3 million), lessors (EUR 45.1 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.

2.4.2.6.2. Share-based payments

The Recticel Group has implemented a warrant plan for its leading managers.

The table below gives the overview of all outstanding subscription rights per 31 December 2020:

Issue	Number of subscription rights outstanding	Exercise price	Exercise period	Fair value of subscription rights at moment of issue
june 2015	174 000	€ 4.31	01 Jan 19 - 22 Jun 21	€ 0.513
April 2016	282 500	€ 5.73	01 Jan 20 - 28 Apr 25	€ 0.786
June 2017	360 000	€ 7.00	01 Jan 21 - 29 Jun 24	€ 0.928
April 2018	442 500	€ 10.21	01 Jan 22 - 24 Apr 25	€ 1.572
June 2019	492 500	€ 7.90	01 Jan 23 - 27 Jun 26	€ 1.181
March 2020	505 000	€ 6.70	01 Jan 24 - 27 Jun 27	€ 1.466
Total	**2 256 500**			

All subscription rights have a vesting period of 3 years. Beneficiaries can lose the right to exercise their subscription rights in case of voluntary leave or dismissal for misconduct.

The expense recognised for the year for the share-based payments amounts to EUR 0.6 million (2019: EUR 0.5 million).

A more general overview showing the trend during 2020 is given below:

in units

Group Recticel	2020	2019
Total number of subscription rights outstanding per 31 December	1 933 000	1 833 480
Weighted average exercise price	€ 7.70	€ 7.50
Weighted average remaining contractual life (in years)	4.84	4.89
Movements in number of subscription rights		
Subscription rights outstanding at the beginning of the period	1 833 480	1 657 193
New subscription rights granted during the period	512 000	500 000
Subscription rights forfeited and expired during the period	(66 999)	(153 286)
Subscription rights exercised during the period	(345 481)	(170 427)
Subscription rights outstanding at the end of the period	1 933 000	1 833 480
Status of subscription rights outstanding		
Closing share price at end of period	€ 10.72	€ 8.31
Total number of subscription rights exercisable at the end of the period	185 500	255 980
Total number of subscription rights that are 'in-the-money' at the end of the period *	1 933 000	898 480
Total number of subscription rights that are exercisable and 'in-the-money' at the end of the period *	185 500	255 980

* in comparison with the average daily closing price over the period

The table below gives the overview of all subscription rights exercised during the period:

in units

Group Recticel	2020	2019
Total number of subscription rights exercised	345 481	170 427
Weighted average exercise price	€ 5.20	€ 4.80
Period during which these subscription rights were exercised	28 May - 23 December	2 March - 20 December
Average closing price of period during which these subscription rights were exercised	€ 8.84	€ 7.83
Average daily closing price for full year	€ 8.09	€ 6.11

To date, the Group has not issued share appreciation rights to any of its managers or employees, nor has it implemented any share purchase plan.

The theoretical value of the subscription rights at issuance is calculated by applying the Black & Scholes formula, and taking into account certain assumptions regarding dividend payment (last dividend compared to share price - dividend yield: 3.33%), interest rate (Euribor 5 years: 0.00%) and volatility (stock market data on the Recticel share: 24.4%). For the issue of March 2020, the fair value amounted to EUR 1.466 per subscription right.

Overview of the outstanding subscription rights held by the members of the current Management Committee: (per 31 December 2020)

in units

Issue[a]	Number of subscription rights held by the members of the current Management Committee
June 2015	10 000
April 2016	90 000
June 2017	210 000
April 2018	275 000
June 2019	330 000
March 2020	330 000
Total	**1 245 000**

[a] the conditions of the various issues are reflected in the global overview table herabove.

Members of the Management Committee received the following subscription rights for the 2020 series:

Name	Total number of subscription rights	Total theoretical value of subscription rights at issuance (*)
Olivier Chapelle	120 000	€ 175 920
Ralf Becker	30 000	€ 43 980
Betty Bogaert	30 000	€ 43 980
François Desné	30 000	€ 43 980
Jean-Pierre De Kesel	30 000	€ 43 980
Jean-Pierre Mellen	30 000	€ 43 980
François Petit	30 000	€ 43 980
Dirk Verbruggen	30 000	€ 43 980
Total	**330 000**	**€ 483 780**

(*) The theoretical value is calculated by using a Black & Scholes formula, and taken into account certain assumptions regarding dividend yield, interest rate and volatility.

2.4.2.6.3. Events after the reporting date

• Liquidity – Going-concern

The Group liquidity is ensured by the available credit facilities. The EUR 175 million credit facility that matured in February 2021 was fully repaid with the proceeds from the sale of Eurofoam and Automotive Interiors in June 2020. A new syndicated loan of EUR 100 million was concluded in November 2020 for a period of three years to February 2024. In addition, the anticipated acquisition of the FoamPartner group will be financed with a specific new term loan of EUR 205 million over 3 years.

Both the syndicated credit and the term loan can then optionally be extended for 2 successive periods of one year.

Finally, the Group has bilateral credit lines and a factoring program, the availability of which follows the evolution in factorable receivables.

Taking into account the ample funding available, the Board of Directors confirmed in its meeting of 26 April 2021 that the Group is able to continue its activities as a going concern.

• Acquisition FoamPartner

On 10 November 2020, Recticel announced that it has entered into final agreements with Swiss-listed Conzzeta AG (SIX:CON) to acquire 100% of FoamPartner in cash 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. The transaction is subject to customary conditions precedent including antitrust approvals.

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.

The FoamPartner business will be merged with the Recticel Flexible Foams division to form the new Engineered Foams business segment.

Financing is secured by a syndicated acquisition facility which has been 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.

Closing of the transaction was completed on 31 March 2021.

- ***Acquisition Gór-Stal insulation boards' activities***

On 19 March 2021, Recticel announced that it has 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 will be made in cash for an enterprise value of EUR 30 million, of which EUR 27.25 million will be payable at closing and EUR 2.75 million payable in two equal tranches in 2022 and 2023. The transaction is subject to confirmatory due diligence and customary conditions precedent.

In 2015, Gór-Stal started its PIR insulation board business and built a new plant in Bochnia, focused on the production of high-value-added termPIR® thermal insulation boards for the construction sector. In 2020, the Bochnia plant employed 66 people and generated EUR 16.7 million net sales and EUR 2.5 million normalized EBITDA at a capacity utilization rate of about 40%.

The acquisition of the Gór-Stal insulation board business will lead to accelerated expansion into the Central and Eastern European markets, where Recticel was so far not present.

Closing of the transaction is expected to be completed by July 2021.

- ***Strategic review Bedding – Confirmation of intention to divest***

In its press release of 26 February 2021, Recticel announced that the Board of Directors has completed the strategic review of the Bedding business segment and decided to divest the segment in order to focus on the core segments Insulation and Engineered Foams.

2.4.2.6.4. Related party transactions

Compared to December 2019 there are two significant changes in the related party transactions, namely with Eurofoam (divested) and the newly established 51/49 Admetos/Recticel joint venture (Automotive Interiors).

Transactions between Recticel s.a./n.v. and its subsidiaries, which are related parties, have been eliminated in the consolidation and are not disclosed in this note. Transactions with other related parties are disclosed below, and concern primarily commercial transactions done at prevailing market conditions. The tables below include only transactions considered to be material, i.e. exceeding a total of EUR 1 million.

Transactions with joint ventures and associates: 2020

in thousand EUR

Group Recticel	Non-current receivables	Trade receivables	Other current receivables	Trade payables	Other payables	Revenues	Cost of sales
Total Orsafoam companies	0	53	0	192	5	153	(21)
Total Proseat companies	0	4 027	1	18	0	34 784	(119)
Total TEMDA2 companies	10 207	3 284	4 015	309	14 340	6 380	(639)
TOTAL	**10 207**	**7 364**	**4 016**	**519**	**14 345**	**41 316**	**(779)**

Transactions with joint ventures and associates: 2019

in thousand EUR

Group Recticel	Non-current receivables	Trade receivables	Other Current Receivables	Trade Payables	Other Payables	Revenues	Cost of sales
Total Proseat companies	8 500	1 756	0	66	(0)	40 565	0
Total Orsafoam companies	0	26	152	229	1	133	(22)
Total Eurofoam companies	0	1 776	42	824	0	22 964	(10 728)
TOTAL	**8 500**	**3 558**	**194**	**1 118**	**1**	**63 662**	**(10 749)**

Following the partial divestment from the Proseat group in 2019 and from Automotive Interiors in 2020, revenues from respectively Proseat companies and TEMDA2 companies relate to the sale of chemical raw materials at cost.

2.4.2.6.5. Remuneration of the Board of Directors and of the Management Committee

The remuneration of the members of the Board of Directors and of the Management Committee is included in this note. For more information, reference is made to the remuneration report in the section 'Corporate Governance' of this annual report.

Total gross remuneration for the members of the Board of Directors:

in EUR

Group Recticel	2020	2019
Director fees	142 500	165 000
Attendence fees Board of Directors	197 500	360 000
Attendence fees Audit Committee	42 000	42 500
Attendence fees Remuneration and Nomination Committee	43 750	45 000
Remuneration for special assignments	0	32 500
TOTAL	**425 750**	**645 000**

In light of the COVID-19 crisis, and in line with the voluntary remuneration reductions implemented by the top management, the Board of Directors of 29 April 2020 decided to reduce the director fees for the second quarter by 30%, as a sign of solidarity with the management and the employees of the company.

Total gross remuneration for the members of the Management Committee

in EUR

Group Recticel	2020	2019
Fixed remuneration	2 851 266	2 838 398
Variable remuneration	2 049 670	1 294 215
Pensions	336 427	418 419
Other benefits	0	309 636
Extraordinary items	139 686	1 695 553
TOTAL	**5 377 049**	**6 556 221**

2.4.2.6.6. Exchange rates

in EUR

Group Recticel		Closing rate		Average rate	
		2020	2019	2020	2019
Bulgarian Lev	BGN	0.511300	0.511300	0.511300	0.511300
Swiss Franc	CHF	0.925754	0.921319	0.934123	0.898918
Yuan Renminbi	CNY	0.124649	0.127869	0.126989	0.129274
Czech Crown	CZK	0.038107	0.039358	0.037800	0.038955
Euro	EUR	1.000000	1.000000	1.000000	1.000000
Pound Sterling	GBP	1.112310	1.175364	1.123969	1.139250
Forint	HUF	0.002748	0.003025	0.002847	0.003074
Indian Rupee	INR	0.011153	0.012471	0.011815	0.012685
Yen	JPY	0.007906	0.008201	0.008207	0.008196
Moroccan Dirham	MAD	0.091449	0.093962	0.092198	0.092776
Norwegian Krone	NOK	0.095508	0.101381	0.093259	0.101512
Polish Zloty	PLN	0.219313	0.234918	0.225071	0.232687
Romanian Leu	RON	0.205411	0.209074	0.206685	0.210733
Serbian Dinar	RSD	0.008508	0.008513	0.008509	0.008497
Russian Rouble	RUB	0.010933	0.014295	0.012088	0.013802
Swedish Krona	SEK	0.099658	0.095723	0.095377	0.094437
Turkish Lira	TRY	0.109732	0.149604	0.124151	0.157288
Ukrainian Hryvnia	UAH	0.028811	0.037442	0.031926	0.035520
US Dollar	USD	0.814930	0.890155	0.875506	0.893276

2.4.2.6.7. Staff

in units

Group Recticel	31 DEC 2020	31 DEC 2019
Management Committee	10	10
Employees	2 427	2 250
Workers	2 725	3 842
Average number of people employed (full time equivalent) on a consolidated basis (i.e. excluding joint ventures)	**5 162**	**6 102**
Remuneration and social charges (in thousand EUR)	**221 907**	**300 079**
Average number of people employed in Belgium	1 001	1 047

The decrease of the average number of people employed, as well as of the cost for remuneration and social charges, is to a large extent explained by the change of scope following the divestment of the Automotive Interiors activities (cfr 2.4.2.4.7.).

2.4.2.6.8. Audit and non-audit services provided by the statutory auditor

The total fees in relation to services provided by the statutory auditor Deloitte Bedrijfsrevisoren and by companies related to the auditor to Recticel NV/SA and its subsidiaries, are as follows:

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Audit fees	757	837
Other audit services and legal missions	68	128
Tax services	5	5
Consulting services	0	34
Total fees	**830**	**1 004**

Audit fees for Recticel NV/SA and its subsidiaries are determined by the shareholders meeting after review and approval by the company's Audit Committee and Board of Directors. All non-audit fees have been pre-approved by the company's Audit Committee.

2.4.2.6.9. Contingent assets and liabilities

a) Tertre (Belgium)

1. Carbochimique, which was progressively integrated into the Recticel Group in the 1980s and early 1990s, owned an industrial site in Tertre (Belgium), where various carbochemical activities had been carried on since 1928. These activities were gradually spun off and sold to other industrial companies, including Yara and Prince Erachem (Eramet group). Finapal, a Recticel subsidiary, retained ownership of some plots on the site, chiefly old dumping sites and settling ponds that have been drained.

   In 1986, Recticel sold its "fertilizer" division, in particular the activities of the Tertre site, to Kemira, now acquired by Yara. As part of this agreement, Recticel undertook to set an old basin ("Valcke Basin"), in line with environmental regulations. This requirement was not yet performed because of the mutual dependence of the environmental conditions within the industrial site in Tertre. Yara sued Recticel for precautionary reasons pursuant to this obligation in July 2003. Both parties negotiated and signed a settlement agreement in the course of 2011, which ended the dispute.

   Under the settlement agreement Yara and Recticel committed to prepare together a recovery plan for four contaminated areas of the industrial area in Tertre, including the Valcke Bassin and a dump site of Finapal, and agreed on the cost split thereof.

   This plan was approved in December 2013 by Ministerial Order of the Walloon Government, and the specification book was likewise prepared by both parties and approved by the authorities. End December 2015 Ecoterres was appointed as contractor. The works were started in 2016 and the end of the works is now expected in the course of 2021, after having been delayed because of the COVID-19 situation.

2. Following the sale of the entity Sadacem to the French group Comilog, now part of the group Eramet, Recticel committed itself to sanitise, on a shared cost basis, an old industrial waste site on the grounds of Prince Erachem. The start of the execution of this commitment was studied in consultation with the entity Prince Erachem and has been provisioned in the accounts of the Recticel Group. A proposal was submitted to the Office Wallon des Déchets in April 2009 and since been approved.

   The implementation of the restructuring plan started in 2013 and has been completed as planned. The clean-up works were completed in 2018 but are still subject to a monitoring phase during 3 years, which now has been prolonged by one year.

b) Wetteren (Belgium)

In the production plant of Wetteren (Belgium) asbestos was found. In 2020 a provision for the costs linked to the removal was made for EUR 1.2 million.

c) Litigations

The Group has been the subject of an antitrust investigation at European level. Recticel announced on 29 January 2014 that a settlement was reached with the European Commission in the polyurethane foam investigation. The case was closed after payment of the last instalment of the effective overall fine in April 2016.

Various claims have been issued by one or more customers, in which these entities allege harm with regard to the conduct covered by the European Commission's cartel decision. Some procedures have been ended or concluded in the course of 2016-2018, with one court procedure on-going in Germany linked to Eurofoam, and one court procedure recently launched in the United Kingdom. No additional new claims are to be expected as these have now all become time-barred..

While Recticel believes there to be no harm done, and it is up to the customer to prove any damage incurred, Recticel carefully reviews and evaluates the merits for each case with its legal advisors to determine the appropriate defensive strategy and recognises, where appropriate, provisions to cover any legal costs in this regard.

Regarding the on-going litigation no considered judgment can at this stage be formed on the outcome of these procedures or on the amount of any potential loss for the company.

One of our Group entities in the United Kingdom is the subject of a HSE investigation following the accidental death of one of its employees. The HSE has concluded the fact-finding phase of its investigation and has made certain allegations against Recticel Ltd for breach of HSE regulations. Recticel has replied to these allegations. In October 2020, the HSE has confirmed that it has taken an enforcement decision, which hence may lead to prosecution, legal costs and fines.

One of the Group's entities in France is implicated in a labour law case following the closure of a production site, whereby the former employees have launched a claim to obtain additional compensations, on the basis that the economic reasons for the closure were invalid. The court proceedings have so far confirmed the position of the employees, but Recticel SAS has launched an appeal procedure. The final outcome remains uncertain.

Following the fire incident in Most (Czech Republic), the involved Group entity has been temporarily unable to supply the contractually agreed quantities of products, leading to production interruptions at the direct customers and the car manufacturers. While the Group entity involved have claimed Force Majeure in this respect, this has been put in question or even contested by a number of customers, with indication that further claims could be raised to obtain damage compensation. While the Group is insured in this regard in line with industrial standards, it cannot be excluded that such claims could lead to financial losses for the companies involved. One customer has launched a legal proceeding in France in the course of the first semester of 2019.

Some years ago Recticel has initiated opposition proceedings against the patent application of a Swiss competitor which had been developed by and has been since many years used by the Group. Recticel has won this procedure. In March 2020 the European Patent Office confirmed the decision in appeal. This decision is final.

Following the announced closure of a production plant in Catarroja, Spain, a transport company sent a claim letter for damage compensation against Recticel's Spanish entity. Recticel refuted the claim. In May 2020, both parties reached an amicable settlement with no material impact at Recticel level.

On 31 May 2019, Greiner AG launched an arbitration proceeding against Recticel SA/NV, claiming that Recticel supplied excess quantities of foam to its Bedding subsidiaries located in the territory of the Eurofoam joint venture, in breach of the 1997 Joint Venture agreement and requesting compensation for damages in this regard. Recticel considered this claim to be without merit. In the framework of the negotiation and signature of the Eurofoam divestment transaction with Greiner, both parties agreed to abandon their respective claims, with each party paying its own legal costs. Termination letters were sent to the Arbitration Tribunal in early July, following the closing of the sale of Eurofoam.

In the framework of the finalization of the closing accounts per 30 June 2020 linked to the Automotive Interiors divestment, a dispute has arisen with 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. This dispute is in the negotiation phase.

On 18 February 2021, Proseat Europe GmbH sent a claim notice for the maximum amount of EUR 865,000 to Recticel SA/NV with regard to the absence of dilapidation provisions linked to certain production sites leased by Proseat entities. Recticel contests the claim and this dispute is also now in the negotiation phase.

As of 31 December 2020, total overall provisions and accruals for other litigations, environmental risk and other risks on Recticel Group level amounted to EUR 16.0 million in the consolidated financial statement. With reference to the prejudicial exemption in IAS 37 §92, the Group will not disclose any further information about the assumptions for the provision, including any details about current and the expected number of lawsuits and claims.

The disclosure of such information is believed to be detrimental to the Group in connection with the ongoing confidential negotiations and could inflict financial losses on Recticel and its shareholders.

2.4.2.6.10. 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.

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019 restated [1]
Income statement		
Sales	828 793	878 521
Gross profit	157 030	168 664
EBITDA	51 609	60 715
Operating profit (loss)	13 848	24 417
Operating profit (loss)	**13 848**	**24 417**
Amortisation intangible assets	1 933	1 942
Depreciation tangible assets	32 377	33 018
Amortisation deferred charges long term	1 011	943
Impairments on goodwill. intangible and tangible fixed assets	2 439	395
EBITDA	**51 609**	**60 715**
EBITDA	**51 609**	**60 715**
Restructuring charges	2 034	6 654
Other [(1)]	5 198	3 375
Adjusted EBITDA	**58 841**	**70 744**

[(1)] See note 2.4.2.3.1.

Group Recticel	31 DEC 2020	31 DEC 2019 restated [1]
Operating profit (loss)	**13 848**	**24 417**
Restructuring charges	2 034	6 654
Other	5 198	3 375
Impairments	2 439	395
Adjusted Operating profit (loss)	**23 519**	**34 841**

Group Recticel	31 DEC 2020	31 DEC 2019 as published
Total net financial debt		
Non-current financial liabilities	70 426	100 334
Current financial liabilities	14 403	117 415
Cash	(79 255)	(48 479)
Other financial assets [(1)]	(189)	(712)
Net financial debt on statement of financial position	**5 385**	**168 558**
Factoring programs	(810)	47 051
Total net financial debt	**4 574**	**215 609**

[(1)] Hedging instruments and interest advances

Group Recticel	31 DEC 2020	31 DEC 2019 as published
Gearing ratio (Net financial debt / Total equity)		
Total equity	334 780	275 397
Net financial debt on statement of financial position / Total equity	1.6%	61.2%
Total net financial debt / Total equity	1.4%	78.3%

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019 as published
Leverage ratio (Net financial debt / EBITDA)		
EBITDA (last 12 months)	51 609	60 715
Net financial debt on statement of financial position / EBITDA	0.1	2.8
Total net financial debt / EBITDA	0.1	3.6
Net working capital		
Inventories and contracts in progress	90 833	101 797
Trade receivables	102 726	99 117
Current contract assets	0	11 300
Other receivables	57 929	32 667
Income tax receivables	1 452	1 449
Trade payables	(88 923)	(93 008)
Current contract liabilities	(15 183)	(32 832)
Income tax payables	(1 045)	(1 229)
Other amounts payable	(88 879)	(81 325)
Net working capital	**58 910**	**37 936**
Current ratio (= Current assets / Current liabilities)		
Current assets	333 665	300 600
Current liabilities	210 031	331 568
Current ratio (factor)	**1.6**	**0.9**

2.4.3. Recticel nv/sa - General information

Recticel nv/sa

Address: Bourgetlaan 42 Avenue du Bourget
B-1130 Brussels

Established: on 19 June 1896 for thirty years, later extended for an unlimited duration.

Object: (article 3 of the Coordinated Articles)
The object of the company is the development, production, conversion, trading, buying, selling and transportation, on its own account or on behalf of third parties, of all plastics, polymers, polyurethanes and other synthetic components, of natural substances, metal products, chemical or other products used by private individuals or by industry, commerce and transport, especially for furniture, bedding, insulation, the construction industry, the automotive sector, chemicals, petrochemicals, as well as products belonging to or necessary for their production or which may result or be derived from this process.

It may achieve its object in whole or in part, directly or indirectly, via subsidiaries, joint ventures, participations in other companies, partnerships or associations.

In order to achieve this object, it can carry out all actions in the industrial, property, financial or commercial field which are associated with its object directly or indirectly, in whole or in part, or which would be of a nature to promote, develop or facilitate its operation or its trade or that of the companies, partnerships or associations in which it has a participation or an interest; it can in particular develop, transfer, acquire, rent, hire out and exploit all movable and immovable goods and all intellectual property.

Legal form: naamloze vernnootschap / société anonyme (limited company)

Recorded in the Brussels register of legal entities
Company number: 0405 666 668

Subscribed capital: EUR 139 357 300 (per 31 December 2020)

Type and number of shares: : at 31 December 2020 there was only one type of shares, namely ordinary shares; total number of shares outstanding: 55 742 920

Portion of the subscribed capital still to be paid up:
0 shares/EUR 0.

Nature of the shares not fully paid up: none.

Percentage fully paid up: 100%. The shares are all fully paid up.

The accounts were prepared in accordance with requirements specified by the Royal Decree of 30 January 2001.

These annual accounts comprise the balance sheet, the income statement and the notes prescribed by law. They are presented hereafter in condensed form.

In accordance with Belgian law, the management report, the annual accounts of Recticel s.a./n.v. and the report of the Statutory Auditor will be filed with the Belgian National Bank.

They are available on request from:
Recticel nv/sa
Corporate Communications

Address: Bourgetlaan 42 Avenue du Bourget
B-1130 Brussels

Tel.: +32 (0)2 775 18 11
Fax: +32 (0)2 775 19 90
E-mail: desmedt.michel@recticel.com

The notes to the annual accounts are related to the financial situation of the company as shown in the statement of financial position. The results are also commented on in the preceding annual report.

The Statutory Auditor has delivered an unqualified opinion on the statutory annual accounts of Recticel s.a./n.v..

The statutory annual accounts of Recticel s.a./n.v., as well as the statutory report by the Board of Directors, are freely available on the company's web site https://www.recticel.com/investors/annual-half-year-reports.html.

2.4.4. Recticel nv/sa - Condensed statutory accounts

in thousand EUR

Group Recticel		31 DEC 2020	31 DEC 2019
ASSETS			
FIXED ASSETS		**383 259**	**383 880**
I.	Formation expenses	0	280
II.	Intangible assets	27 068	30 562
III.	Tangible assets	59 910	59 161
IV.	Financial assets	296 281	293 877
CURRENT ASSETS		**95 127**	**216 208**
V.	Amounts receivable after one year	6 221	23 435
VI.	Inventories and contracts in progress	25 869	24 467
VII.	Amounts receivable within one year	59 952	165 241
VIII.	Cash investments	1 398	1 398
IX.	Cash	5	275
X.	Deferred charges and accrued income	1 682	1 391
TOTAL ASSETS		**478 386**	**600 088**
LIABILITIES			
I.	Capital	139 357	138 494
II.	Share premium account	131 267	130 334
III.	Revaluation surplus	2 551	2 551
IV.	Reserves	15 046	15 046
V.	Profits (losses) brought forward	52 133	71 042
VI.	Investment grants	0	0
VII.	A. Provisions for liabilities and charges	6 518	6 999
	B. Deferred taxes	0	0
VIII.	Amounts payable after one year	8 838	39 432
IX.	Amounts payable within one year	115 344	188 562
X.	Accrued charges and deferred income	7 332	7 628
TOTAL EQUITY AND LIABILITIES		**478 386**	**600 088**

in thousand EUR

Group Recticel		31 DEC 2020	31 DEC 2019
PROFIT AND LOSS ACCOUNT			
I.	**Operating revenues**	**323 804**	**330 956**
II.	Operating charges	(318 913)	(323 237)
III.	**Operating profit (loss)**	**4 892**	**7 719**
IV.	Financial income	5 591	24 350
V.	Financial charges	(14 723)	(12 054)
VI.	**Profit (loss) for the year before taxes**	**(4 240)**	**20 015**
VII.	Income taxes	(177)	(164)
VIII.	**Profit (loss) for the year after taxes**	**(4 417)**	**19 852**
IX.	Transfer to untaxed reserves	0	0
X.	**Profit (loss) for the period available for appropriation**	**(4 417)**	**19 852**

The statutory annual accounts of Recticel s.a./n.v. as well as the statutory report by the Board of Directors, is freely available on the company's web site www.recticel.com.

Profit appropriation policy

The General Shareholders Meeting decides on the appropriation of the profit available for the distribution of a dividend based upon a proposal by the Board of Directors. The Board of Directors intends to propose to pay out a stable or gradually increasing annual dividend, considering the following elements:

- proper compensation for the shareholders
- retention of adequate self-financing capacity to enable investment in value creation opportunities.

The Board of Directors decided to present the following appropriation of the results to the General Meeting:

in EUR

Group Recticel		
Profit/(Loss) for the financial year		(4 416 643.37)
Profit/(Loss) brought forward from previous year	+	71 042 415.67
Profit/(Loss) to be added to legal reserves	-	0.00
Profit/(Loss) to be added to other reserves	-	0.00
Result to be appropriated	**=**	**66 625 772.30**
Gross dividend [1]	-	14 493 159.20
Profit to be carried forward	**=**	**52 132 613.10**

[1] Gross dividend per share of EUR 0.26, resulting in a net dividend after tax of EUR 0.182 per ordinary share.

2.4.5. Risk factors and risk management

Assisted in its work by the Audit Committee, the Board of Directors determines the Group's risk management policy, taking the significance of the general corporate risks that it is prepared to accept into account.

Business and management imply dealing with external and internal uncertainties. These uncertainties imply that decisions intrinsically involving potential risks are constantly being taken at all levels. For this reason, and also because a company must be able to achieve its objectives, it is important to outline, assess, quantify and grade corporate risks as precisely as possible. An appropriate, adapted risk management system that can also draw on efficient monitoring mechanisms and best practices must avoid any adverse effects of potential risks on the company and its value or at least control or minimise those effects.

RISK FACTORS

The items dealt with below are the most relevant risk factors for the Recticel Group, as defined during the assessment process described above.

1. The Group's investment programs are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns

The Group's businesses are, and will continue to be, capital-intensive. A number of its plants have operated for many years, and a large part of the Group's capital expenditures relate to the repair, maintenance and improvement of these existing facilities.

The Group's investments programs in the field of repair, maintenance and improvements of its existing equipment and facilities are subject to the risk of incorrect or inadequate evaluation. As a result, these investment programs may suffer from delays or other complications, and may not achieve the return projected at the beginning of such programs. Furthermore, the Group's actual expenditures may ultimately reveal to be higher than budgeted for various reasons beyond its control. Such cost increases may be material and may have a material adverse effect on its business, financial condition, operating results and cash flows.

2. Price volatility of major chemicals

As a producer and converter of polyurethane foam and other products, the Group is sensitive to fluctuations in the prices of chemical raw materials, in particular those chemical raw materials used for the production of polyurethane. The main chemical raw materials used by the Group are polyols and isocyanates (TDI and MDI). Although these base materials are petroleum derivatives, and hence follow the evolution of the oil price, their price evolution may differ from that of petroleum products on the global market. Excess volatility of raw materials prices or their scarcity or shortage may have a negative effect on Recticel's results and financial situation.

Chemical raw materials represent, on average, nearly 34% of the cost of sales of the Group's finished products. For certain flexible foam and insulation applications, this share is even higher.

These raw materials are purchased on the open market. The Group has to date not hedged its commodity risk.

The purchase of chemical raw materials is centralised, and the relevant central department negotiates the supply contracts. The centralised approach allows better negotiation power and continuous optimisation.

Although the Group monitors raw material price developments and tries to reflect price increases in its sales prices when appropriate, ultimately the extent to which such increased chemical raw material prices can be charged to customers depends on the commercial negotiations with customers and competition on the market. There may be periods of time in which the Group is not able to timely or fully recover increases in the cost of chemical raw materials due to weakness in demand for its products or the actions of its competitors. On the other hand, during periods in which market prices of Group's chemical raw materials fall, the Group may face demands from its customers to reduce its prices or experience falls in demand for its products while customers delay orders in anticipation of price reductions.

3. The Group may be subject to the risk of not identifying an M&A opportunity or not being able to afford it

Making acquisitions are an integral part of the Group's growth strategy. There can be no assurance that any of these transactions will be realised or, if realised, will be beneficial to the Group.

The Group continues to explore additional opportunities to implement its strategy which may require substantial investment and subsequent capital expenditures. To date, the Group has been able to fund its capital investment projects through cash generated from its internal operations and debt financing. If the Group's cash flows were reduced or if it were to make further acquisitions, the Group would need to seek to fund its cash requirements through additional debt and equity financing or through asset divestitures.

4. If the Group fails to identify, develop and introduce new products successfully it may lose key customers or product orders and its business could be harmed

The Group regularly introduces new products, such as Thermoflex® in its Business Line Flexible Foams, the ingredient GELTEX® inside brand in its Business Line Bedding, and Lambda 19 Eurowall® Xentro® and Eurofloor Xentro® in its Business Line Insulation.

The Group competes in industries that are changing and becoming more complex. The Group's ability to achieve a successful evolution development of its existing products to new offerings and differentiation of its products requires that accurate predictions of the product development schedule as well as market demand are made. The process of developing new products is complex and often uncertain due to the frequent introduction of new products by competitors. The Group may anticipate demand and market acceptance that differs from the product's realisable customer demand and revenue stream. Furthermore, in the face of intense industry competition, any unanticipated delay in implementing certain product strategies or in the development, production or marketing of a new product could adversely affect the Group's revenues.

The Group invests constantly in the development of new products. These investments are subject to a number of risks, including: difficulties and delays in the development, production, testing and marketing of products; customer acceptance of products; resources to be devoted to the development of new technology; and the ability to differentiate the Group's products and compete with other companies which are active in the same markets.

The Group's ability to generate future revenue and operating income depends upon, among other factors, its ability to timely develop products that are suitable for manufacturing in a cost-effective manner and that meet defined product design, technical and performance specifications.

All these factors could have a material adverse impact on the Group's business, operations and financial results.

5. The Group may be subject to misconduct by its employees and managers or third-party contractors

The Group may be subject to misconduct by its employees and managers or third-party contractors, such as theft, bribery, sabotage, violation of laws or other illegal actions and may be exposed to the risk of stoppages by third parties, such as transport companies. Any such misconduct may lead to fines or other penalties, slow-downs in production, increased costs, lost revenues, increased liabilities to third parties, impairment of assets or harmed reputation, any of which may have a material adverse effect on the Group's operations, business and financial results.

The Group has developed various internal initiatives to limit the risk of misconduct of its own employees and managers. These initiatives include the reinforcement of the internal audit function, the setting up of a Compliance Committee whose role is to investigate matters reported to it, as well as the organisation, on a regular basis, of various internal training sessions for employees aimed at increasing awareness on compliance. However, there can be no assurance that such initiatives will result in effectively preventing any misconduct by its employees and managers.

Furthermore, such initiatives are not aimed at third party contractors, as a result of which the Group relies on the third-party contractors' capacity to prevent misconduct by their own employees and managers.

6. Evaluation of projects and investments

The Group may be subject to the risk that an innovation project fails and that the innovation investments do not achieve the target to contribute to a sustainable revenue growth or cost effectiveness, including the risk of not having the right human resources to achieve the incremental changes needed to achieve the innovation strategy.

7. Failure to obtain the needed chemical raw materials

The Group has negotiated yearly or multi-year supply agreements with important suppliers to secure more than half of its yearly supplies of isocyanates. The supply of polyols is for a minority share secured under yearly supply agreements. The Group sources its remaining chemical raw materials essentially from suppliers with whom it has a long-term relationship, but with monthly or quarterly price and volume negotiations.

Notwithstanding the existence of long-term supply agreements for certain chemical raw materials, the risk of a delivery disruption of chemical raw materials cannot be excluded. Such delivery disruptions may result from, amongst others, a major accident or incident in a supplier's processing plant, transportation problems or any other fact or circumstance that can give rise to a force majeure situation. In such case, there can be no assurance that the Group can source alternative supplies of chemical raw materials on a timely basis and at acceptable conditions or at all, which could have a material adverse impact on the Group's business, operations and financial results. Neither can it be excluded that a decrease in volumes of raw material procurement (i.e. due to market trends) could have an impact on raw material prices or that it could incite suppliers to end their supplies to the Group, the latter scenario forcing the Group to search for other suppliers, which may not be available on a timely basis or at an acceptable conditions or at all. This could have a material adverse impact on the Group's business, operations and financial results.

8. Safety, health and the environment - new regulations and its impacts

Due to the nature of its activities, the Recticel Group is exposed to environmental risks. The Group uses potentially hazardous products (chemicals and the like) as part of its development activities and manufacturing processes. Pollution can never be ruled out. The Group prevents pollution by adopting appropriate industrial policies. Scenarios precisely outlining the modus operandi for tackling this type of crisis and managing the consequences thereof have been circulated throughout the organisation.

It goes without saying that the handling of these same products constitutes a health risk for staff, customers and any other visitor, particularly in the event of failure to comply with the safety rules issued by Recticel.

Due to new regulations, the Group may face the risk that these new regulations may have a significant negative business impact.

Failure to comply with the various laws and regulations governing the Group's activities is likely to have a negative impact on these activities and invoke its liability.

These activities are particularly subject to various environmental laws and regulations that are likely to expose the Group to major compliance costs or legal proceedings.

The Group further operates in some countries in old industrial sites, already operational at a time when no or insufficient environmental legislation was in place, potentially leading to historic pollution, for which the Group may be held liable leading to important compliance or clean-up costs.

Furthermore, the Group may incur other major costs following the non-fulfilment of its contractual obligations or also in cases where the negotiated contractual provisions in place prove to be insufficient, or even inadequate.

9. The risk that the importance of certain stake-holders is underestimated when making strate-gic decisions

The Group is exposed to the risk that the importance of certain stakeholders is underestimated when making important strategic decisions for the Group. This could lead to resistance and put at risk the implementation of the strategy.

10. Risks relating to not fully analysing the invest-ment decisions

The Group may face difficulties if investment decisions have not been fully analysed and as such lead to unsuccessful investments not reaching the initial objectives, as well as the risk that investment capacity is absorbed by one business unit, not leaving sufficient investment fund for more profitable investments in other business segments.

11. Risks relating to sub-optimal execution of transactions

The Group is subject to the risk of a suboptimal execution of transactions due to the lack of preparation, communication and/or project management. Although the Group has developed M&A guidelines, there is no assurance that these risks will not materialise, and if so, this might have a material adverse effect on the Group's operations, business and financial results.

12. The Group's results may be substantially affected by general macroeconomic trends and the level of activity in its industries

The Group is exposed to the risks related to an economic recession. Economic factors outside of the Group's control (including slowing economic growth, particularly in Europe where the Group realises approximately 94% of its consolidated turnover, inflation or deflation or fluctuations in interest and foreign currency exchange rates) could affect the Group's financial results and prospects.

There is a risk that certain markets in which the Group is active will experience economic decline or a prolonged period of negligible growth in the future. The current uncertainty about economic recovery and the pace of growth may negatively affect the level of demand from existing and prospective customers. Additional factors which may influence customer demand include access to credit, budgetary constraints, unemployment rates and consumer confidence.

13. Product liability

The Group produces and sells both semi-finished and finished consumer durable goods (bedding and insulation). In both cases, the Group is exposed to any complaints relating to product liability. Recticel tries to offset or limit these risks by means of product guarantees provided for in the conditions of sale and through the application of a strict quality control system. To protect itself from the adverse effects of product liability, the Group has put in place general and product-specific insurance policies.

14. The implementation of the Group's business strategy is dependent on its ability to attract and retain qualified personnel

The Group's ability to maintain its competitive position and to implement its business strategy will largely depend on its ability to attract and retain skilled personnel and management. The loss or diminution in the services of skilled employees and management, or difficulties in recruiting or retaining them, could have a material adverse effect on the Group's operations, business and financial results. Competition for personnel with relevant expertise is intense due to the relatively small number of qualified individuals, and the Group may have difficulties in obtaining or enforcing non-compete obligations from its skilled personnel and management, all of which may seriously affect the Group's ability to retain existing skilled employees and management and attract additional qualified personnel. If the Group were to experience difficulties in recruiting or retaining qualified personnel, this could have a material adverse effect on the Group's operations, business and financial results.

15. Brexit

The turnover of the Group in the UK represents 15.8% of total consolidated sales. 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.

16. COVID-19 (Corona virus)

Given the broad uncertainty surrounding COVID-19 on medium and long-term consumer confidence and demand, it is currently not possible to provide meaningful comments and conclusions about its potential impact on business fundamentals, prospects and financial position of the Group. The various business interruption continuity plans in place are regularly updated and effectively deployed when needed.

RISK MONITORING

Operational and industrial risks are usually covered by centrally managed insurance contracts. The conditions governing these contracts are reviewed on a regular basis. Recticel owns a reinsurance subsidiary, whose principal task consists of reinsuring the Group's own risk associated with the excesses that are payable by the Group under external insurance policies.

The risks and uncertainties for which provisions have been raised in accordance with IFRS rules are explained under the heading 2.4.2.5.14. of the financial section of the annual report. More precisely, these are provisions for litigation, product guarantees, environmental risks and reorganisation charges.

Recticel's Internal Audit Department is involved in implementing control procedures in the broadest sense and ensures that they are complied with. It also plays a major role in the permanent monitoring of corporate risks and contributes to the basic considerations regarding these risks in the Group.

2.4.6. Declaration by 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), declare that:

- the annual accounts, which have been drawn up in accordance with the applicable accounting standards, give a true and fair view of the assets, the financial situation and the results of Recticel and the consolidated companies;
- the report for the 12 months ending on 31 December 2020 gives a true and fair view of the development and the results of the company and of the position of Recticel and the consolidated companies, as well as a description of the principal risks and uncertainties confronting them.

2.4.7. Auditor's report on the consolidated financial statements for the year ending 31 December 2020

Recticel NV | 31 December 2020

Statutory auditor's report to the shareholders' meeting of Recticel NV for the year ended 31 December 2020 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Recticel NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 28 May 2019, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee and presentation of the works council. Our mandate expires on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2020, in view of Article 41 of EU Regulation nr. 537/2014 that states that as from 17 June 2020, an audit mandate can no longer be prolonged for those audit mandates running 20 years or more at the date of entry into force of the regulation. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the consolidated financial statements of Recticel NV for at least 23 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 698 757 (000) EUR and the consolidated income statement shows a profit for the year then ended of 63 151 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2020 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment risk on goodwill related to the Flexible Foam UK CGU	
The group has 3 015 (000) EUR goodwill allocated to the UK flexible foam cash generating unit. Considering the historical financial performance, the substantial deviation of the financial performance from the budget till FY18 and the uncertainties around Brexit, we considered the valuation of the goodwill as a key audit matter. The Group reviews the carrying amount of these non-current assets annually or more frequently when impairment indicators are present, by comparing it to the recoverable amount. Estimating the recoverable amount of the assets requires critical management judgement including estimates of future sales, gross margin, discount rate and the assumptions inherent in those estimates. The Group disclosed the nature and the value of the assumptions used in the impairment analyses in note 2.4.2.1.4 of the consolidated financial statements.	We designed our audit procedures to be responsive to this key audit matter. We obtained understanding of the impairment assessment process and evaluated the design and implementation of the relevant key controls in place. In addition, we obtained management's impairment test, evaluated the reasonableness of estimates and judgments made by management and challenged them. Special focus was given to the key drivers of projected future cash flows, being amongst others estimated gross margin and the applied discount rate. We critically assessed the budget, taking into account the historical accuracy of the budgeting process. Auditor's valuation specialist has been involved to review the reasonableness of the discount rate. Moreover, we examined sensitivity analyses performed over changes in discount rate, gross margin and EBITDA and assessed the adequacy of the company's disclosure note to the consolidated financial statements.

Partial divestment of the interiors business	
The group has partially divested its interiors business per 30 June 2020 and realized a negative transaction result of 41 225 (000) EUR. Given the complexity of the contract and the related assumptions, we treated the completeness of the transaction result as a key audit matter. Management has reviewed the contractual framework of the divestment which includes specific arrangements to compensate the disposed business for adverse conditions and considered the ongoing dispute with the purchaser with regards to certain amounts to be taken in consideration in the transaction price. Management has assessed the potential impact of these specific arrangements and the dispute and has made the necessary assumptions to ensure the transaction result is appropriately accounted for. We refer to note 2.4.2.4.7 in the consolidated financial statements.	We designed our audit procedures to be responsive to this key audit matter. We obtained an understanding of the contract and the related areas where judgement was needed. In addition, we reviewed management's assessment on the determination of the transaction price and challenged this. We reconciled all the transaction price elements to the specific paragraphs in the contract. Special focus was given to management's judgements made in determining the transaction price adjustments mainly related to the potential adverse conditions and to the ongoing dispute. Moreover, we assessed the adequacy of the company's disclosure note to the consolidated financial statements.
Recoverability of deferred tax assets	
Per 31 December 2020, the group has deferred tax assets, mainly on tax losses carried forward, amounting to 25 298 (000) EUR. The analysis of the recognition and recoverability of the deferred tax assets is important to our audit because the amounts are material, the assessment process is judgmental and is based on assumptions that are affected by expected future market and economic conditions. Reference is made to note 2.4.2.4.6 in the consolidated financial statements.	As a part of our audit, we discussed tax planning and potential issues relating to valuation of deferred tax assets with management. We tested the design and implementation of the management review control performed on the deferred tax balance. Furthermore, we performed substantive audit procedures on the analysis of the recoverability of the deferred tax assets based on the estimated future taxable income, principally by evaluating and testing the key assumptions used to determine the amounts recognized and by challenging them. In addition to the above, we assessed the adequacy of the company's disclosure note to the consolidated financial statements.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

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

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements included in chapter 2 of the annual report, are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

The non-financial information as required by article 3:32, § 2 of the Code of companies and associations, has been disclosed in the directors' report on the consolidated financial statements that is part of section 2.3 of the annual report. This non-financial information has been established by the company in accordance with the GRI Standards. In accordance with article 3:80, § 1, 5° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with these GRI Standards.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Signed at Gent.

The statutory auditor

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Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Kurt Dehoorne

3.
Glossary

GENERAL CONCEPTS

Isocyanate	Highly reactive substance that easily combines with other substances (such as alcohols). The structure of these alcohols determines the hardness of the PU-foam
Lambda	Expression of the thermal conductivity of thermal insulation
MDI	Methylene diphenyl diisocyanate
PIR	Abbreviation for polyisocyanurate
Polyisocyanurate	Is an improved version of polyurethane. PIR-foam has an improved dimensional stability, excellent mechanical properties such as compressive strain and is a much stronger fire retardant. PIR is mainly used as thermal insulation
Polyol	Synonym for PU polyalcohol, which is acquired from propylene oxide
Polyurethane	Represents an important group of products within the large family of polymers or plastics. Polyurethane is a generic term for a wide range of foam types
PU or PUR	Polyurethane
SID	Is short for Sustainable Innovation Department, the department for international research and development of the Recticel Group
TDI	Toluene diphenyl diisocyanate

FINANCIAL CONCEPTS

• 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 (loss))
Adjusted Operating profit (loss)	Operating profit (loss) before Adjustments to operating profit (loss)
Adjustments to Operating profit (loss)	include operating revenues, expenses and provisions that pertain to restructuring programs (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 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 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 + Contract assets + Other receivables + Income tax receivables – Trade payables – Contract liabilities – 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/forfeiting programs

4.

Key figures 2012-2020

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019	31 DEC 2018	31 DEC 2017	31 DEC 2016	31 DEC 2015	31 DEC 2012	31 DEC 2011	31 DEC 2010
ASSETS									
Intangible assets	14 806	14 306	12 045	12 323	12 104	13 411	12 384	11 954	11 148
Goodwill	24 139	24 412	23 354	24 169	25 073	25 888	24 949	24 610	25 113
Property, plant & equipment	173 000	227 617	232 541	226 783	216 207	209 681	202 733	204 614	219 180
Right-of-use assets	75 377	105 110	0	0	0	0	0	0	0
Investment property	3 331	3 331	3 289	3 331	3 331	3 331	3 306	3 330	4 452
Investments in joint ventures and associates	12 351	65 465	68 631	76 241	82 389	73 196	73 644	72 507	69 123
Financial investments	11 030	580	63	64	71	30	160	161	236
Available for sale investments	0	0	728	603	410	1 015	771	275	111
Non-current contract assets	0	11 138	15 655	0	0	0	0	0	0
Non-current receivables	25 760	25 802	15 326	14 804	13 860	13 595	13 373	10 973	10 153
Deferred tax	25 298	24 108	20 468	26 241	37 820	43 272	46 834	48 929	49 530
Non-current assets	**365 092**	**501 869**	**392 099**	**384 559**	**391 265**	**383 419**	**378 154**	**377 353**	**389 046**
Inventories and contracts in progress	90 833	101 797	103 789	99 408	91 900	93 169	96 634	94 027	91 028
Trade receivables	102 726	99 117	107 680	110 935	101 506	83 407	78 109	64 516	78 359
Current contract assets	0	11 300	13 782	0	0	0	0	0	0
Other receivables and other financial assets	57 929	32 667	55 227	73 373	69 561	55 327	49 597	46 358	56 528
Income tax receivables	1 452	1 448	5 587	1 350	1 441	2 061	504	3 851	3 736
Available for sale investments	170	154	138	123	107	91	75	60	45
Cash and cash equivalents	79 255	48 479	37 733	57 844	37 174	55 967	26 163	26 237	18 533
Disposal held for sale	1 300	5 638	19 201	2 570	0	3 209	8 569	0	0
Current assets	**333 665**	**300 600**	**343 137**	**345 603**	**301 689**	**293 231**	**259 651**	**235 049**	**248 229**
Total assets	**698 757**	**802 469**	**735 236**	**730 162**	**692 954**	**676 650**	**637 805**	**612 402**	**637 275**

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019	31 DEC 2018	31 DEC 2017	31 DEC 2016	31 DEC 2015	31 DEC 2012	31 DEC 2011	31 DEC 2010
LIABILITIES									
Capital	139 357	138 494	138 068	136 941	135 156	134 329	74 161	72 368	72 329
Share premium	131 267	130 334	129 941	127 982	126 071	125 688	108 568	107 042	107 013
Share capital	**270 624**	**268 828**	**268 009**	**264 923**	**261 227**	**260 017**	**182 729**	**179 410**	**179 342**
Treasury shares	(1 450)	(1 450)	(1 450)	(1 450)	(1 450)	(1 450)	(1 735)	(1 735)	0
Retained earnings	76 273	25 606	20 422	18 235	7 425	2 582	1 768	27 364	75 565
Hedging and translation reserves	(11 372)	(18 288)	(22 003)	(19 922)	(15 997)	(12 189)	(16 599)	(18 279)	(13 817)
Equity before non-controlling interests	**334 075**	**274 696**	**264 978**	**261 786**	**251 205**	**248 960**	**166 163**	**186 760**	**241 090**
Non-controlling interests	705	701	0	0	0	0	0	0	0
Total equity	**334 780**	**275 397**	**264 978**	**261 786**	**251 205**	**248 960**	**166 163**	**186 760**	**241 090**
Employee benefit liabilities	52 342	57 860	48 055	54 295	50 979	49 581	54 548	44 557	44 548
Provisions	18 979	6 905	13 775	14 266	13 208	11 505	7 301	8 149	9 439
Deferred tax	12 173	10 023	9 650	9 113	10 116	9 505	8 907	8 203	7 257
Non-current financial liabilities	**70 426**	**100 334**	**34 706**	**96 080**	**97 049**	**40 363**	**142 135**	**98 834**	**120 460**
Other amounts payable	26	43	202	230	183	226	6 810	444	704
Non-current contract liabilities	0	20 339	24 096	0	0	0	0	0	0
Non-current liabilities	**153 946**	**195 504**	**130 484**	**173 984**	**171 535**	**111 180**	**219 701**	**160 187**	**182 408**
Employee benefit liabilities	0	0	4 720	3 978	4 168	2 370	2 205	1 809	1 404
Provisions	1 598	5 759	3 116	1 155	1 780	4 566	4 687	6 732	1 255
Current financial liabilities	14 403	117 415	88 200	48 988	50 147	114 675	52 798	66 181	36 454
Trade payables	88 923	93 008	90 756	126 584	102 929	94 276	96 373	81 720	86 066
Current contract liabilities	15 183	32 832	44 964	0	0	0	0	0	0
Income tax payables	1 045	1 229	3 061	2 411	2 291	2 463	414	3 086	2 071
Other amounts payable	88 879	81 325	104 957	111 276	108 899	98 160	95 464	105 927	86 527
Current liabilities	**210 031**	**331 568**	**339 774**	**294 392**	**270 214**	**316 510**	**251 941**	**265 455**	**213 777**
Total liabilities	**698 757**	**802 469**	**735 236**	**730 162**	**692 954**	**676 650**	**637 805**	**612 402**	**637 275**

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019 as published	31 DEC 2018	31 DEC 2017	31 DEC 2016	31 DEC 2015	31 DEC 2014	31 DEC 2013	31 DEC 2012
INCOME STATEMENT									
Sales	**828 792**	**1 038 517**	**1 117 652**	**1 135 353**	**1 048 323**	**1 033 762**	**983 367**	**976 763**	**1 035 050**
Distribution costs	(54 849)	(60 840)	(59 973)	(61 952)	(57 855)	(58 039)	(54 135)	(52 934)	(54 460)
Cost of sales	(616 913)	(786 620)	(856 056)	(889 866)	(789 360)	(781 282)	(757 025)	(756 916)	(809 871)
Gross profit	**157 030**	**191 057**	**201 623**	**183 535**	**201 108**	**194 441**	**172 207**	**166 913**	**170 719**
General and administrative expenses	(57 949)	(73 561)	(70 562)	(78 426)	(79 395)	(76 723)	(72 299)	(74 397)	(66 772)
Sales and marketing expenses	(60 624)	(72 743)	(72 593)	(69 537)	(72 031)	(77 123)	(73 257)	(64 532)	(65 796)
Research and development expenses	(9 281)	(11 599)	(11 042)	(13 724)	(12 890)	(12 537)	(13 277)	(14 177)	(12 940)
Impairments	(2 440)	(1 821)	(5 819)	(7 009)	(1 672)	(983)	(688)	(3 365)	(1 110)
Other operating result	(13 589)	(3 456)	(8 830)	27 632	(12 828)	(10 714)	(12 869)	(31 766)	2 867
Income from joint ventures and associates	703	9 271	10 170	2 390	16 927	6 874	8 966	439	6 008
EBIT	**13 850**	**37 148**	**42 947**	**44 861**	**39 219**	**23 235**	**8 783**	**(20 885)**	**32 976**
Interest income and expenses	(3 420)	(6 986)	(3 272)	(6 460)	(8 095)	(9 554)	(10 031)	(9 405)	(9 320)
Other financial income and expenses	(1 724)	(1 241)	(614)	1 718	(3 633)	(2 968)	(2 799)	(1 940)	(2 271)
Financial result	**(5 144)**	**(8 227)**	**(3 886)**	**(4 742)**	**(11 728)**	**(12 522)**	**(12 830)**	**(11 345)**	**(11 591)**
Results of other associates	(10 212)	0	0	0	0	0	0	0	0
Result of the period before taxes	**(1 506)**	**28 921**	**39 061**	**40 119**	**27 491**	**10 713**	**(4 047)**	**(32 230)**	**21 385**
Income taxes	(4 025)	(4 203)	(10 212)	(16 206)	(11 161)	(6 170)	(5 702)	(3 908)	(6 035)
Result of the period after taxes - continuing operations	**(5 531)**	**24 718**	**28 849**	**23 913**	**16 330**	**4 543**	**(9 749)**	**(36 138)**	**15 350**
Result of the period after taxes - discontinued operations	68 686	0	0	0	0	0	0	0	0
Result of the period after taxes - continuing and discontinued operations	**63 155**	**24 718**	**28 849**	**23 913**	**16 330**	**4 543**	**(9 749)**	**(36 138)**	**15 350**
of which share of minority interests	*4*	*(44)*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
of which share of the Group	*63 151*	*24 762*	*28 849*	*23 913*	*16 330*	*4 543*	*(9 749)*	*(36 138)*	*15 350*

in million EUR

Group Recticel	2016	2017	2018	2019	2020
Consolidated income statement					
Sales	1 048.3	1 135.4	1 117.7	1 038.5	828.8
Gross profit	201.1	183.5	201.6	191.1	157.0
Adjusted EBITDA	-	-	-	-	58.8
EBITDA	72.7	82.8	80.4	95.3	51.6
Adjusted Operating profit (loss)	-	-	-	-	23.5
Operating profit (loss)	39.2	44.9	42.9	37.1	13.9
Financial result	(11.7)	(4.7)	(3.9)	(8.2)	(5.1)
Income from other associates	0.0	0.0	0.0	0.0	(10.2)
Result of the period before taxes	27.5	40.1	39.1	28.9	(1.5)
Income taxes	(11.2)	(16.2)	(10.2)	(4.2)	(4.0)
Result of the period after taxes - continuing operations	16.3	23.9	28.8	24.7	(5.5)
Result of the period after taxes - discontinued operations	0.0	0.0	0.0	0.0	68.7
Result of the period after taxes - continuing and discontinued operations	16.3	23.9	28.8	24.7	63.2
of which Result of the period after taxes (share of non-controlling interests)	0.0	0.0	0.0	(0.0)	0.0
of which Result of the period after taxes (share of the Group)	16.3	23.9	28.8	24.8	63.2
Profitability ratios					
Gross profit / Sales	19.2%	16.2%	18.0%	18.4%	18.9%
Adjusted EBITDA / Sales	-	-	-	-	7.1%
EBITDA / Sales	6.9%	7.3%	7.2%	9.2%	6.2%
Adjusted Operating profit (loss) / Sales	-	-	-	-	2.8%
Operating profit (loss) / Sales	3.7%	4.0%	3.8%	3.6%	1.7%
Result of the period after taxes (share of the Group) / Sales	1.6%	2.1%	2.6%	2.4%	7.6%
ROE = Result of the period after taxes (share of the Group) / Total equity (Group share) (1) (2)	6.6%	9.5%	11.0%	9.3%	23.0%
Annual growth rates					
Sales	1.4%	8.3%	-1.6%	-7.1%	-20.2%
EBITDA	37.5%	13.9%	-2.9%	18.5%	-45.8%
Operating profit (loss)	68.8%	14.4%	-4.3%	-13.5%	-62.7%
Result of the period after taxes (share of the Group)	259.5%	46.4%	20.6%	-14.3%	155.5%
Balance sheet					
Non-current assets	391.3	384.6	392.1	501.9	365.1
Current assets	301.7	345.6	345.0	300.6	333.7
TOTAL ASSETS	693.0	730.2	737.1	802.5	698.8
Total Equity	251.2	261.8	265.0	275.4	334.8
Non-current liabilities	171.5	174.0	131.0	195.5	153.9
Current liabilities	270.2	294.4	341.1	331.6	210.0
TOTAL LIABILITIES	693.0	730.2	737.1	802.5	698.8
Net working capital	50.3	44.8	73.6	59.6	74.3
Market capitalisation (December 31st)	358.4	423.4	352.9	460.4	597.6
Non-controlling interests	0.0	0.0	0.0	0.7	0.7
Net financial debt	126.0	122.9	100.2	180.4	(4.6)
ENTERPRISE VALUE	484.4	546.3	453.1	641.5	593.7

in million EUR

Group Recticel	2016	2017	2018	2019	2020
Investments versus Amortisation/Depreciation					
Investments in intangible and tangible fixed assets	53.9	68.3	52.4	55.0	20.4
Amortisation, depreciation and impairments (excluding amortisation on goodwill, including impairment)	33.5	37.9	37.5	58.1	37.8
Investments / Sales	5.1%	6.0%	4.7%	5.3%	2.5%
Financial structure ratios					
Net financial debt / Total equity	50%	47%	38%	66%	-1%
Total Equity / Total assets	36%	36%	36%	34%	48%
Current ratio [3]	1.12	1.17	1.01	0.91	1.59
Valuation ratios					
Price / Earnings (Market capitalisation (Dec 31st) / Result of the period (share of the Group))[4]	21.9	17.7	12.2	18.6	9.5
Enterprise value / Operating profit (loss)	6.7	6.6	5.6	6.7	11.5
Price / Book value (=Market capitalisation/Book value (share of the Group))	1.4	1.6	1.3	1.7	1.8

For definitions, see Glossary.
[1] annual average of equity (share of the Group) Average = [Equity (share of the Group) at the end of the previous period + Equity (share of the Group) at the end of the current period] / 2
[2] shareholders' equity including non-controlling interests
[3] current assets / current liabilities
[4] based on the share price of December 31st. Earnings = result of the period (share of the Group) per share.

Sales per segment	2016	2017	2018	2019 restated	2020
Flexible foams	-	-	-	361.1	322.0
growth rate	-	-	-	-	*-10.8%*
Insulation	-	-	-	247.2	249.2
growth rate	-	-	-	-	*0.8%*
Bedding	-	-	-	242.3	241.8
growth rate	-	-	-	-	*-0.2%*
Corporate/Eliminations	-	-	-	28.0	15.8
Total sales	**1 048.3**	**1 135.4**	**1 117.7**	**878.5**	**828.7**
growth rate	***1.4%***	***8.3%***	***-1.6%***	**-**	***-5.7%***

in million EUR

Adjusted EBITDA per segment	2016	2017	2018	2019 restated	2020
Flexible foams	-	-	-	37.2	28.6
as % of sales				*10.3%*	*8.9%*
Insulation	-	-	-	31.6	27.7
as % of sales				*12.8%*	*11.1%*
Bedding	-	-	-	16.9	18.2
as % of sales				*7.0%*	*7.5%*
Corporate/Eliminations	-	-	-	(14.9)	(15.6)
Total Adjusted EBITDA	**-**	**-**	**-**	**71.0**	**59.1**
as % of sales				***8.1%***	***7.1%***

in million EUR

EBITDA per segment	2016	2017	2018	2019 restated	2020
Flexible foams	-	-	-	34.1	27.4
as % of sales				*9.5%*	*8.5%*
Insulation	-	-	-	31.4	27.5
as % of sales				*12.7%*	*11.0%*
Bedding	-	-	-	16.0	17.1
as % of sales				*6.6%*	*7.1%*
Corporate/Eliminations	-	-	-	(20.9)	(20.4)
Total EBITDA	**72.7**	**82.8**	**80.4**	**61.0**	**51.9**
as % of sales	***6.9%***	***7.3%***	***7.2%***	***6.9%***	***6.3%***

in million EUR

Group Recticel	2016	2017	2018	2019 restated	2020
Adjusted operating profit (loss) per segment					
Flexible foams	-	-	-	23.1	14.4
as % of sales				*6.4%*	*4.5%*
Insulation	-	-	-	20.9	17.1
as % of sales				*8.4%*	*6.9%*
Bedding	-	-	-	8.2	10.2
as % of sales				*3.4%*	*4.2%*
Corporate/Eliminations	-	-	-	(17.2)	(18.2)
Total Adjusted operating profit (loss)	**-**	**-**	**-**	**35.0**	**23.7**
as % of sales				***4.0%***	***2.9%***

in million EUR

Operating profit (loss) per segment	2016	2017	2018	2019 restated	2020
Flexible foams	-	-	-	20.0	11.9
as % of sales				*5.5%*	*3.7%*
Insulation	-	-	-	20.7	16.9
as % of sales				*8.4%*	*6.8%*
Bedding	-	-	-	7.0	8.1
as % of sales				*2.9%*	*3.3%*
Corporate/Eliminations	-	-	-	(23.3)	(23.1)
Total operating profit (loss)	**39.2**	**44.9**	**42.9**	**24.6**	**14.0**
as % of sales	***3.7%***	***4.0%***	***3.8%***	***2.8%***	***1.7%***

in EUR

Key figures per share	2016	2017	2018	2019	2020
Number of shares (31 December)	54 062 520	54 776 357	55 227 012	55 397 439	55 742 920
Weighted average number of shares outstanding (before dilution)	53 504 432	54 110 396	54 659 774	54 959 861	55 174 425
Weighted average number of shares outstanding (after dilution)	59 643 102	57 941 701	55 093 295	55 154 501	55 381 032
Adjusted EBITDA	-	-	-	-	1.07
EBITDA	1.36	1.53	1.47	1.73	0.94
Adjusted operating profit (loss)	-	-	-	-	0.43
Operating profit (loss)	0.73	0.83	0.79	0.68	0.25
Result of the period before taxes	0.51	0.74	0.71	0.53	(0.03)
Result of the period (share of the Group) - Basic (1)	0.31	0.44	0.53	0.45	1.14
Result of the period (share of the Group) - Diluted	0.27	0.41	0.52	0.45	1.14
Gross dividend	0.18	0.22	0.24	0.24	0.26
Pay-out ratio	59%	50%	45%	53%	23%
Net book value (share of the Group)	4.65	4.78	4.80	4.96	5.99
Price / Earnings ratio (2)	21.9	17.7	12.2	18.6	9.5

(1) calculated on the basis of the weigthed average number of shares outstanding (before dilution effect)

(2) based on the share price of 31 December. Earnings = Result of the period (share of the Group) per share

in EUR

Share prices (in EUR)	2016	2017	2018	2019	2020
share price on 31 December	6.63	7.73	6.39	8.31	10.72
lowest share price of the year	4.57	6.43	6.06	6.11	4.45
highest share price of the year	6.63	8.75	10.54	9.40	11.78
average daily volume traded (units)	51 513	70 435	65 089	88 871	77 831

(1) calculated on the basis of the weigthed average number of shares outstanding (before dilution effect)
(2) based on the share price of 31 December. Earnings = Result of the period (share of the Group) per share

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Dit verslag is beschikbaar in het Nederlands en het Engels.
Ce rapport est disponible en néerlandais et anglais.

You can also download this Annual Report on www.recticel.com

In case of textual contradictions between the English and the Dutch version the first shall prevail.

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Thanks to all colleagues who contributed to the realisation of this Annual Report.