

RECTICEL
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PER 30 JUNE 2022

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I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been authorised for issue by the Board of Directors on 25 August 2022.

I.1. CONDENSED CONSOLIDATED INCOME STATEMENT

Group Recticel in thousand EUR	Notes *	1H2022	1H2021 restated ¹
Sales	1.7.6.	274 321	229 678
Cost of sales		(226 413)	(190 054)
Gross profit		47 908	39 624
General and administrative expenses		(13 631)	(13 061)
Sales and marketing expenses		(11 717)	(8 788)
Research and development expenses		(2 105)	(1 836)
Impairment of goodwill, intangible and tangible assets		(57)	0
Other operating revenues	1.7.7.1	1 198	3 529
Other operating expenses	1.7.7.1	(3 754)	(3 930)
Operating profit (loss)	1.7.6.	17 842	15 538
Interest income		477	265
Interest expenses		(1 918)	(1 206)
Other financial income		4 820	1 805
Other financial expenses		(4 861)	(816)
Financial result	1.7.7.2.	(1 482)	48
Income from other associates ²		(2 384)	572
Change in fair value of option structures		2 330	(4 865)
Result of the period before taxes		16 306	11 293
Income taxes		(4 746)	4 029
Result of the period after taxes - continuing operations		11 560	15 322
Result from discontinued operations	1.7.7.4.	23 496	12 919
Result of the period after taxes - continuing and discontinued operations		35 056	28 241
of which share of the Group		34 618	27 952
of which non-controlling interests		438	289

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

¹ As announced in the press release of 10 August 2021, the Engineered Foams activities which are currently in the process of being divested to the US-based Carpenter Co., have been accounted for as Discontinued Operations (IFRS 5).

For comparison reasons, the formerly published 2021 income statements and cash flow statements have been restated accordingly.

I.2. EARNINGS PER SHARE

in EUR	1H2022	1H2021 restated ¹
Number of shares outstanding (including treasury shares)	56 208 420	55 893 420
Weighted average number of shares outstanding (before dilution effect)	55 714 814	55 461 573
Weighted average number of shares outstanding (after dilution effect)	56 734 281	56 162 796
<hr/>		
Earnings per share - continuing operations	0.21	0.28
Earnings per share - discontinued operations	0.42	0.23
Earnings per share of continuing and discontinued operations	0.63	0.51
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Earnings per share from continuing operations		
Basic	0.21	0.28
Diluted	0.20	0.27
<hr/>		
Earnings per share from discontinued operations		
Basic	0.42	0.23
Diluted	0.41	0.23
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Net book value	7.43	6.35
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The basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The diluted earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period, increased for the warrants in-the-money.

I.3. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group Recticel in thousand EUR	1H2022	1H2021 restated ¹
Result for the period after taxes	35 056	28 241
Other comprehensive income		
<i>Items that will not subsequently be recycled to profit and loss</i>		
Actuarial gains (losses) on employee benefits recognized in equity	2 874	3 819
Deferred taxes on actuarial gains (losses) on employee benefits	(136)	(457)
Currency translation differences	9	(131)
Total	2 747	3 231
<i>Items that subsequently may be recycled to profit and loss</i>		
Hedging reserves	0	29
Currency translation differences	1 949	2 913
Deferred taxes on retained earnings	162	288
Total	2 112	3 229
Other comprehensive income net of tax	4 858	6 460
Total comprehensive income for the period	39 914	34 701
Total comprehensive income for the period	39 914	34 701
of which attributable to the owners of the parent	39 476	34 412
of which attributable to non-controlling interests	438	289
Total comprehensive income for the period attributable to the owners of the parent	39 476	34 412
Continuing operations	11 161	17 074
Discontinued operations	28 315	17 338

I.4. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Group Recticel in thousand EUR	Notes*	30 JUN 2022	31 DEC 2021
Intangible assets		12 339	34 945
Goodwill	1.7.8.1.	126 568	13 721
Property, plant & equipment		114 771	313 406
Right-of-use assets		10 318	62 603
Investment property		113	7 564
Investments in associates		0	12 709
Investments in other associates		7 977	10 361
Non-current receivables		15 388	18 730
Deferred tax assets		29 869	46 845
Non-current assets		317 343	520 884
Inventories		58 620	112 897
Trade receivables		83 762	141 596
Deferred receivable for share investments/divestments		26 006	0
Other receivables and other financial assets		17 542	15 869
Income tax receivables		389	4 660
Cash and cash equivalents		66 845	118 367
Assets classified as held for sale		559 899	141 466
Current assets		813 063	534 855
TOTAL ASSETS		1 130 406	1 055 739
Capital		140 521	139 909
Share premium		133 596	132 087
Share capital		274 117	271 996
Treasury shares		(1 450)	(1 450)
Other reserves		(2 994)	(3 697)
Retained earnings		133 154	112 404
Hedging and translation reserves		(8 872)	(8 686)
Elements of comprehensive income of discontinued operations		21 728	19 215
Equity (share of the Group)		415 683	389 782
Equity attributable to non-controlling interests		1 962	1 524
Total equity		417 645	391 306
Employee benefit liabilities		13 999	39 135
Provisions		15 295	21 993
Deferred tax liabilities		12 471	36 229
Financial liabilities	1.7.8.3.	180 285	208 505
Other amounts payable		0	25
Non-current liabilities		222 050	305 887
Provisions		1 415	3 386
Financial liabilities	1.7.8.3.	141 819	59 064
Trade payables		98 684	120 247
Current contract liabilities		14 568	9 081
Income tax payables		2 596	4 466
Deferred payables for share investments		0	18 749
Other amounts payable		43 943	66 885
Liabilities directly associated with assets classified as held for sale		187 685	76 668
Current liabilities		490 710	358 546
TOTAL EQUITY AND LIABILITIES		1 130 406	1 055 739

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

I.5. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Group Recticel in thousand EUR	1H2022	1H2021 restated ¹
Operating profit (loss)	17 842	15 538
Income from discontinued operations	0	1 287
Amortisation of intangible assets	598	776
Depreciation of tangible assets	6 031	5 787
(Write-back)/Write-offs on assets	1 015	(364)
Changes in provisions	(158)	1 735
(Gains) / Losses on disposals of intangible and tangible assets	(278)	(508)
Other non-cash elements	532	(1 582)
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS	25 582	22 669
Changes in working capital	(13 299)	17 815
Trade & Other long term debts maturing within 1 year	0	318
Income taxes paid	(692)	(344)
Cash flow from operating activities (discontinued operations)	(12 514)	13 893
NET CASH FLOW FROM OPERATING ACTIVITIES (a)	(922)	54 351
Interests received	646	200
Dividends received	33	25
Disposal Bedding	84 520	0
Acquisition Trimo, net of cash acquired	(154 783)	0
Increase of loans and receivables	(631)	(295)
Decrease of loans and receivables	149	3 643
Investments in intangible assets	(1 998)	(1 528)
Investments in property, plant and equipment	(3 110)	(1 089)
Net deferred charges - long term	0	(37)
Disposals of intangible assets	0	5
Disposals of property, plant and equipment	7 660	1 559
Cash flow from divestment (investment) activities (discontinued operations)	(25 005)	(227 782)
NET CASH FLOW FROM DIVESTMENT (INVESTMENT) ACTIVITIES (b)	(92 518)	(225 299)
Interests paid on financial debt (c)	(1 844)	(1 665)
Interests paid on lease debt (c)	(52)	(54)
Dividends paid	(16 229)	(14 451)
Increase (Decrease) of capital	2 121	889
Increase of financial debt	87 043	198 560
Decrease of lease debt (d)	(1 696)	(9 321)
Cash flow from financing activities (discontinued operations)	(5 093)	4 313
NET CASH FLOW FROM FINANCING ACTIVITIES (e)	64 250	178 271
Effect of exchange rate changes (f)	(1 756)	513
Effect of exchange rate changes (discontinued operations) (f)	1 374	506
CHANGES IN CASH AND CASH EQUIVALENTS (a)+(b)+(e)+(f)	(29 572)	8 342
NET FREE CASH FLOW (a)+(b)+(c)+(d)	(97 031)	(181 987)
Net cash position opening balance (continued operations)	84 055	64 213
Net cash position opening balance (discontinued operations)	41 664	15 042
Net cash position opening balance (g)	125 719	79 255
Net cash position closing balance (continuing operations)	66 845	50 688
Net cash position closing balance (discontinued operations)	29 302	36 909
Net cash position closing balance (h)	96 147	87 597
CHANGES IN CASH AND CASH EQUIVALENTS (h)-(g)	(29 572)	8 342

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

For the half-year ending 30 June 2022

Group Recticel in thousand EUR	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences reserves and Hedging reserves	Continuing operations	Discontinued operations Bedding	Discontinued operations Engineered Foams	Total shareholders' equity	Non-controlling interests	Total equity, non- controlling interests included
At the end of the period 31 December 2021	139 909	132 087	(1 450)	(3 697)	112 404	(8 686)	370 566	6 196	13 020	389 782	1 524	391 306
Dividends	0	0	0	0	(16 229)	0	(16 229)	0	0	(16 229)	0	(16 229)
Stock options (IFRS 2)	0	0	0	532	0	0	532	0	0	532	0	532
Capital movements	613	1 509	0	0	0	0	2 121	0	0	2 121	0	2 121
Shareholders' movements	613	1 509	0	532	(16 229)	0	(13 576)	0	0	(13 576)	0	(13 576)
Profit or loss of the period	0	0	0	0	11 113	0	11 113	18 888	4 617	34 618	438	35 056
Other comprehensive income'	0	0	0	172	168	(292)	48	719	4 092	4 858	0	4 858
Comprehensive income	0	0	0	172	11 281	(292)	11 161	19 607	8 708	39 477	438	39 915
Change in scope	0	0	0	(0)	25 698	106	25 803	(25 803)	0	(0)	0	(0)
At the end of the period 30 June 2022	140 521	133 596	(1 450)	(2 994)	133 154	(8 872)	393 955	0	21 729	415 683	1 962	417 645

The item 'Change in scope' of Discontinued operations Bedding relate to the divestment of the Bedding activities.

For the half-year ending 30 June 2021

Group Recticel in thousand EUR	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences reserves and Hedging reserves	Continuing operations	Discontinued operations Bedding	Discontinued operations Engineered Foams	Total shareholders' equity	Non-controlling interests	Total equity, non- controlling interests included
At the end of the period 31 December 2020	139 357	131 267	(1 450)	(7 497)	98 760	(9 113)	351 324	1 330	(18 580)	334 075	705	334 780
Restatement IFRS 16	0	0	0	0	0	0	0	0	(1 449)	(1 449)	0	(1 449)
Dividends	0	0	0	0	(14 468)	0	(14 468)	0	0	(14 468)	0	(14 468)
Stock options (IFRS 2)	0	0	0	393	0	0	393	0	0	393	0	393
Capital movements	376	513	0	0	0	0	889	0	0	889	0	889
Shareholders' movements	376	513	0	393	(14 468)	0	(13 187)	0	0	(13 187)	0	(13 187)
Profit or loss of the period	0	0	0	0	16 321	0	16 321	(2 283)	13 916	27 954	289	28 243
Other comprehensive income'	0	0	0	358	284	112	753	884	4 783	6 420	0	6 420
Comprehensive income	0	0	0	358	16 605	112	17 074	(1 399)	18 699	34 374	289	34 663
Change in scope	0	0	0	(191)	231	0	40	0	0	40	0	40
At the end of the period 30 June 2021	139 734	131 780	(1 450)	(6 938)	101 127	(9 001)	355 252	(69)	(1 330)	353 854	995	354 848

I.7. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDING 30 JUNE 2022

I.7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.7.1.1. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION

These interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the European Union. They do not include all information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2021.

These interim condensed consolidated financial statements have been authorised for issue by the Board of Directors on 26 August 2022.

I.7.2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2022 and have been endorsed by the European Union:

- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16:
 - Amendments to IFRS 3, '*Business combinations*' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - Amendments to IAS 16, '*Property, plant and equipment*' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - Amendments to IAS 37, '*Provisions, contingent liabilities and contingent assets*' specify which casts a company includes when assessing whether a contract will be loss-making.
 - Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.
- IFRS 17, 'Insurance contracts' as amended in December 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2022 and have not been endorsed by the European Union:

- Amendments to IAS 1, '*Presentation of financial statements*' on classification of liabilities. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also

clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

1.7.4. CRITICAL ACCOUNTING ASSESSMENTS AND PRINCIPAL SOURCES OF UNCERTAINTY

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

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

The assessments and estimates made for the period ended 30 June 2022 are similar to the ones applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021. There are no new principal sources of uncertainty than those exposed in the Group's consolidated financial statements as at and for the year ended 31 December 2021.

1.7.5. CHANGES IN SCOPE OF CONSOLIDATION

The following changes in the scope of consolidation took place during the **first half-year 2022**:

On 30 March 2022: disposal of the Bedding activities to the Portuguese privately owned Aquinos Group (cfr. 1.7.7.4. Discontinued operations). The disposed Bedding companies are:

- Recticel Bedding Belgium b.v., Belgium
- Recticel Schlafkomfort GmbH, Germany
- Recticel b.v., The Netherlands
- Recticel Sp.z.o.o., Poland
- Recticel Bedding Romania s.r.l., Romania
- Recticel Bedding (Schweiz) AG, Switzerland
- Sembella GmbH, Austria

End-April 2022: acquisition of TRIMO d.o.o.- the Slovenian specialist in the production of sustainable premium insulated panels for the construction industry. TRIMO is fully integrated in the consolidated statements from 01 May 2022, and is reported under the segment Insulation (cfr 1.7.7.3. Business combinations). The acquired TRIMO companies are:

- Trimo d.o.o.	Slovenia	100%
- Trimo MSS d.o.o.	Slovenia	100%
- Tinde d.o.o.	Slovenia	45,40%
- Trimo Inženjering d.o.o.	Serbia	100%
- Trimo UK Ltd	UK	100%
- Trimo Polska, sp. z o.o.	Poland	100%
- Trimo Makedonija, DOOEL	Macedonia	100%
- Trimo DE GmbH	Germany	100%
- Trimo Benelux B.V	Netherlands	100%
- Trimo DCS FZE (UAE)	UAE	100%
- Trimo S.r.l. (under liquidation)	Italy	100%
- Trimo Bulgaria, OOD	Bulgaria	70%
- Trimo Slovakia spol. s.r.o	Slovakia	25%
- ZEL-EN, razvojni center energetike Slovenia d.o.	Slovenia	13,59%

On 14 April: 2022: Following the exercise of its put option, Recticel sold to Sekisui Plastics Co., Ltd its remaining 25% participation in Proseat Europe GmbH, Germany - the European moulded seat cushion specialist.

Application of IFRS 5 to the Engineered Foams activities which are in process of being sold to the US-based Carpenter Co. In accordance with IFRS 5, this business has been presented as discontinued operations in the consolidated income statement. Details are disclosed in note I.7.7.4. Discontinued operations

I.7.6. BUSINESS SEGMENTS

As from 2022 Recticel will report on a single segment basis.

With the acquisition of Trimo, the divestment of Bedding and anticipated divestment of Recticel Engineered Foams, Recticel will become a pure Insulation player and updated its segment reporting. As from 30 June 2022 Recticel will report one operating segment Insulation, comprising Insulation Boards, Insulated Panels and Corporate, based on the following assessment:

- Both Insulated Panels and Insulation Boards activities are part of the same Insulation business, impacted by similar economic characteristics with similar growth trends and long term expectations. The raw materials used for both business lines are subject to the same market trends in the construction and building business. Both business lines will be further integrated with each other in the next coming months allowing to benefit from further synergies. No geographical segmentation is reported since Recticel has only a footprint in Europe and is mainly distributing in Europe where the same market conditions and evolutions are applicable between the different European regions.
- Both for the historical Insulation Boards activity and the Insulated Panel activity (Trimo) the Chief Operating Decision Maker (“CODM”) is Recticel’s CEO Olivier Chapelle. It is Recticel’s CEO that makes the decisions about resources to be allocated to the segment and assesses its performance. Moreover the CODM also acts as segment manager since there is only one operating segment at Recticel. He is directly accountable for the operating activities, the financial results, forecasts or plans for the segment. On a regular basis the CODM reports to the Board of Directors of Recticel the financial performance of the Group. Such performance is reported at Group level, i.e. consolidated figures for the Insulation segment (incl. both Insulated Panels and Insulated Boards) and including Corporate. No operating profit or other KPI’s are reported and monitored at the level of business lines towards the Board of Directors, except to present evolutions of certain products, customers and/or countries to explain the general trends of the segment/business as a whole. As Recticel is no longer a group with separate segments, the corporate costs are fully dedicated and allocated to the Insulation activity. This is also the set of accounts for which the CODM (equal to the segment manager in this situation) is responsible.
- Next to the segment reporting, Recticel also reports at a lower level to monitor performance, i.e. at business line level. The three business lines within the group are Insulated Panels, Insulated Boards and Corporate. However this is only used to explain evolutions of different products and markets at segment level.

I.7.7. CONDENSED CONSOLIDATED INCOME STATEMENT

I.7.7.1. OTHER OPERATING INCOME AND EXPENSES

Group Recticel in thousand EUR	1H2022	1H2021 restated ¹
Other operating revenues	1 198	3 529
Other operating expenses	(3 754)	(3 930)
TOTAL	(2 556)	(401)
Restructuring charges (including site closure, onerous contracts and clean-up costs)	(1 132)	(626)
M&A advisory fees	(1 204)	(1 738)
Gain (Loss) on disposal of intangible, tangible and right-of-use assets	279	992
IAS 19 Pensions and other similar obligations	(319)	(457)
Provisions	(209)	10
Stock options	(532)	(393)
Rental income	482	446
Income from investments	33	0
Revaluation tangible assets (i.e. land)	95	2 000
Clean-up costs land	0	(254)
Goodwill amortisation	(10)	(387)
Other expenses	(347)	(76)
Other revenues	308	82
TOTAL	(2 556)	(401)

M&A advisory fees relate mainly to legal and advisory fees (EUR -1.0 million) primarily linked to the acquisition of Trimo. (1H2021: mainly expenses related to the defence against the Greiner offer)

Restructuring charges relate mainly to a number of small reorganisation items in Belgium and the United Kingdom.

In 1H2021, the revaluation of tangible assets related to a revaluation allowance for investment property in Belgium.

1.7.7.2. FINANCIAL RESULT

Group Recticel in thousand EUR	1H2022	1H2021 restated ¹
Interest on lease liabilities	(177)	(234)
Interest on long-term bank loans	(1 223)	(1 121)
Interest on short-term bank loans & overdraft	(331)	162
Net interest charges on Interest Rate Swaps and Foreign Currency Swaps	237	23
Total borrowing cost	(1 494)	(1 170)
Interest income from bank deposits	1	3
Interest income from financial receivables	230	230
Interest income from financial receivables and cash	230	233
Interest charges on other debts	(30)	(6)
Interest income on other receivables	0	0
Total other interest	(30)	(5)
Interest income and expenses	(1 294)	(942)
Exchange rate differences	(223)	987
Net interest cost IAS 19	(2)	(17)
Other financial result	36	24
Total other financial result	(189)	993
FINANCIAL RESULT	(1 482)	51

1.7.7.3. BUSINESS COMBINATIONS

For the period ending 30 June 2022

On 29 April 2022 Recticel acquired 100% of the shares of Trimo d.o.o., a Slovenian based group, for an enterprise value of EUR 164.3 million. This represents an 9.5x 2021A normalized EBITDA multiple. Trimo is specialized in the production of sustainable premium insulated panels for the construction industry. Predominantly geared towards the industrial and commercial building segments, it perfectly complements the current insulation boards activities of Recticel and is another step in the execution of Recticel's strategy to become a pure Insulation player.

Financing is secured by the existing credit facilities, by the proceeds from the disposal of the Bedding division (closed 31 March 2022) and by a bridge financing loan in anticipation of the closing of the divestment of Engineered Foams to Carpenter.

Trimo was founded in 1961 and has been owned by Innova Capital since early 2016. Trimo was originally established as a manufacturer of thermal insulated panels but gradually developed into a high quality-producer of aesthetic prefabricated building components such as façades, walls, roofs and modular space solutions. The group is headquartered in Trebnje, Slovenia and operates from two sites (Trebnje, Slovenia and Šimanovci, Serbia). It sells its insulated panels and building solutions in more than 60 countries around the world. In 2021, Trimo employed about 480 people and generated net sales of EUR 138.4 million.

Trimo is consolidated in Recticel's financial statements as from 01 May 2022.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

TRIMO	
in thousand EUR	
Purchasing consideration	163 339
Net cash	(850)
Working capital adjustments	1 811
Total purchase consideration	164 300

The enterprise value of EUR 164.3 million, can be reconciled as follows to the cash flow from investment activities as per 30 June 2022:

TRIMO	
in thousand EUR	
Total purchase consideration	164 300
Net cash	850
Working capital adjustments	(1 811)
Receivable Innova Capital	719
Consideration paid as per 30 June 2022	164 058

The purchase consideration paid by Recticel to Innova Capital for the acquisition of Trimo amounts to EUR 164.1 million. The cash of Trimo acquired by Recticel amounts to EUR 9.275 million as per 30 April 2022. As such, the total consideration, net of cash acquired amounts to EUR 154.8 million (see note I.5. Cash flow statement).

The purchase consideration is subject to final agreements and settlement on the Trimo closing accounts as per 29 April 2022.

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

TRIMO	
in thousand EUR	
Other tangible assets	3 720
Property, plant and equipment	26 226
Inventories	24 439
Receivables	31 954
Cash and cash equivalents	9 275
Non-current receivables	4 808
Provisions and accruals	(12 423)
Employees benefit obligations	(1 183)
Financial liabilities	(15 531)
Trade payables	(32 546)
Income tax payables	(494)
Net deferred tax assets	2 538
Net identifiable assets acquired	40 783
Preliminary goodwill	122 556
Total net financial debt, debt-like items and working capital adjustments	961
Total purchase consideration	164 300

The goodwill is attributable to Trimo's strong position and profitability in high value-added Insulated Panels solutions in Insulation markets and synergies expected to arise after the company's acquisition of the new subsidiary. The goodwill has been allocated to the cash generating units of Insulated Panels. None of the goodwill is expected to be deductible for tax purposes. See note I.7.8.1. for the changes in goodwill as a result of the acquisition.

The fair value of the acquired assets is provisional as per 30 June 2022. Fair value adjustment relates to inventory step up adjustment (EUR 3.0 million). Fair value adjustments in relation to customer list and customer contracts, Technology related intangible assets and property, plant and equipment will be assessed by 31 December 2022. Deferred tax liabilities of EUR -0.6 million have been recognised in relation to fair value adjustments, which are provisional pending the finalization of the fair value adjustments.

Acquisition-related costs

Acquisition-related cost of EUR 1.0 million related to advisor fees are included in other operating expenses in the income statement as per 30 June 2022.

Revenue and profit contribution

The acquired business contributed revenues of EUR 38.5 million and a net result of EUR 3.1 million to the Group for the period from 1 May 2022 to 30 June 2022.

As a result of the acquisition of Trimo the average number of people employed increased by 464 full time equivalents.

1.7.7.4. DISCONTINUED OPERATIONS

For the period ending 30 June 2022

Result from discontinued operations: EUR 23.9 million compared to EUR 12.9 million in 1H2021.

The result from discontinued operations mainly represents:

- (i) the result after taxes of the period of the Engineered Foams activities which are currently in the process of being sold to Carpenter Co. (EUR 4.6 million);
- (ii) the result after taxes of the first three months of 2022 of the Bedding activities (EUR 1.1 million);
- (iii) the net capital gain on the disposal of the Bedding activities sold to Aquinos Group (EUR +17.9 million, including EUR 5.0 million of provisions for indemnities); and
- (iv) the result following the settlements related to the divestment of the Ascorium (formerly Automotive Interiors) activities (EUR - 0.1 million).

The total result (restated) of discontinued operations in 1H2021 was composed of:

- (i) the result after taxes of the period of the Engineered Foams activities which are currently in the process of being sold to Carpenter Co. (EUR 13.9 million);
- (ii) the net result related to the Bedding activities (EUR -2.3 million); and
- (iii) the result following the settlements related to the divestment of the Ascorium (formerly Automotive Interiors) activities (EUR 1.3 million).

A. Recticel Engineered Foams (REF)

On 11 October 2021 Recticel received a binding offer from Carpenter Co. for the divestment of its Engineered Foams business for a cash consideration based on an Enterprise Value of EUR 656 million on a cash and debt free basis. Following the authorization given by the shareholders during the Special General Meeting of 06 December 2021, Recticel entered into a binding agreement to sell its Engineered Foams business line to the US-based privately owned Carpenter Co. ("Carpenter"). Beginning of 2022 the public offer issued by Greiner has expired and on 28 February 2022 Greiner sold 12,647,732 shares (22,6 % voting rights of the company) to Baltisse NV, which subsequently sold these shares to an affiliated special purpose company, Spring Holdco BV. Recticel received a transparency notification dated 15 June 2022, showing that Spring Holdco BV, as a result of the acquisition of shares on 07 June 2022, owns 15,262,301 (27.16%) voting rights of the company.

In accordance with IFRS, Recticel evaluated the criteria for the application of IFRS 5, to assess the classification of Engineered Foams as disposal group held for sale. Recticel considers the criteria of IFRS 5 to be met as of 30 June 2022, and consequently the Engineered Foams activities have been accounted for as discontinued operations as per 30 June 2022. IFRS 5 has been applied on the basis of the following facts : (i) decision by the Board of Directors to divest the Recticel Engineered Foams activities, (ii) receipt of a binding offer, (iii) obtention of shareholder approval, (iv) execution of legal carve-outs and (v) the sale being highly probable to be concluded within 12 months of the classification as disposal group held for sale. Following the application of IFRS5, depreciations will be stopped on Recticel Engineered Foams, as from 30 June 2022, the date Engineered Foams is available for immediate sale following the completion of the carve-outs.

The divestment of Engineered Foams to Carpenter Co. (the "Transaction") is subject to approval by the UK Competition and Markets Authority (the "CMA"). Recticel announced that on 4 July 2022 the CMA has issued its Phase I decision with respect the Transaction and has found that the Transaction would raise competition concerns in the UK market. The CMA indicated that the Transaction would remove a close competitor of Carpenter's, with Recticel and Carpenter representing 2 of just 3 foam producers with plants in the UK. The affected UK Recticel Engineered Foams businesses represent 8.7% of the 2021 turnover of the Recticel Engineered Foams business.

On 18 July 2022, CMA has published its decision that the remedy undertakings offered by Carpenter cannot be accepted by the CMA under the Enterprise Act 2002 and that it will refer the case to Phase 2. This means that the CMA will investigate in more detail what impact the intended transaction will have on competition, and what remedy undertakings could be committed to by the parties in order to allow for clearance of the transaction. With the decision of the CMA to refer the divestment case of Engineered Foams to a phase II investigation, the closing of the transaction now expected latest by the first quarter of 2023.

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

Recticel Engineered Foams in thousand EUR	1H2022	1H2021
Sales	338 406	273 944
Cost of sales	(279 073)	(224 253)
Gross profit	59 333	49 691
General and administrative expenses	(23 198)	(18 664)
Sales and marketing expenses	(14 342)	(12 393)
Research and development expenses	(2 971)	(2 250)
Other operating revenues	1 286	1 314
Other operating expenses	(9 713)	(8 346)
Income from associates	862	547
Operating profit (loss)	11 257	9 899
Interest income	58	41
Interest expenses	(1 256)	(1 442)
Other financial income	2 177	832
Other financial expenses	(1 942)	(814)
Financial result	(963)	(1 383)
Result of the period before taxes	10 294	8 516
Income taxes	(5 678)	5 401
Result of the period after taxes	4 616	13 917

An impairment analysis has been made under IFRS 5 (i.e. lower of fair value – cost to sell versus carrying assets) and didn't result in an impairment.

The net assets of Recticel Engineered Foams as per 30 June 2022 were as follows:

Recticel Engineered Foams in thousand EUR	30 JUN 2022
Intangible assets	25 489
Goodwill	9 446
Property, plant & equipment	217 479
Right-of-use assets	47 257
Investments in associates	13 571
Non-current receivables	3 595
Deferred tax assets	20 116
Non-current assets	336 953
Inventories	83 574
Trade receivables	96 043
Other receivables and other financial assets	10 754
Income tax receivables	3 273
Cash and cash equivalents	29 302
Current assets	222 946
TOTAL ASSETS OVER WHICH CONTROL WILL BE LOST	559 899
Employee benefit liabilities	22 204
Provisions	8 742
Deferred tax liabilities	26 638
Financial liabilities	24 500
Other amounts payable	32
Non-current liabilities	82 116
Provisions	1 316
Financial liabilities	4 801
Trade payables	49 034
Current contract liabilities	2 111
Income tax payables	5 535
Other amounts payable	42 770
Current liabilities	105 567
TOTAL LIABILITIES OVER WHICH CONTROL WILL BE LOST	187 683
NET ASSETS TO BE DISPOSED OF	372 216

In accordance with IFRS 5, the balance sheet per 31 December 2021 has not been restated, and the balance sheet per 30 June 2022 has been restated with balance sheet positions of continuing versus discontinued operations being eliminated.

Transactions between the discontinued operations of Recticel Engineered Foams and the other continuing activities are eliminated, both at income statement and financial position level. These transactions relate mainly to corporate management services (EUR 7.2 million) and net short-term financings (EUR 46.0 million).

At 30 June 2022 the other comprehensive income reserves comprises currency translation reserves (EUR 6.6 million) that will be recycled in the income statement at the moment of the closing of the divestment of Recticel Engineered Foams. Other comprehensive income of pensions amount to (EUR -9.7 million) per 30 June 2022 and will not be recycled into the income statement.

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

Recticel Engineered Foams in thousand EUR	1H2022	1H2021
Operating profit (loss)	11 257	9 898
Net cash flow from operating activities	(9 851)	21 694
Net cash flow from divestment (investment) activities	(24 246)	(226 570)
Net cash flow from financing activities	(4 234)	5 955
Effect of exchange rate changes	1 318	493
Changes in cash and cash equivalents	37 014	(198 429)
Net free cash flow	38 971	(203 662)

B. Bedding

On 31 March 2022, the Group has completed the divestment of its Bedding division to Aquinos Industry SA. The result on the transaction and net result for the three months period ending 31 March 2022 for the Bedding division are included in result from discontinued operations and are detailed as following:

Bedding	in million EUR
Net assets Bedding (a)	55.1
Total consideration (enterprise value)	122.4
Net financial debt	(46.7)
Working capital normalisation	2.6
Equity value (b)	78.3
Gain on investment (b)-(a)	23.2
Directly attributable transaction costs	(0.4)
Release of currency translation adjustment	0.6
Write-off remaining positions with Bedding companies	(0.5)
Gain on divestment, including related costs and recycling of other comprehensive income elements to income statement	22.9
Provisions for indemnities	(5.0)
Result after taxes of the period (3 months; 01 January 2022 - 31 March 2022)	1.1
Total net result of discontinued operations Bedding	19.0

Gain on the divestment of the Bedding activities is subject to final agreement and settlement of the Completion Accounts with Aquinos Industry SA.

Provision indemnities relate to specific indemnities that were agreed, to be covered by Recticel Group, in case they would materialize and/or become a reality during the periods after closing foreseen in the Sale & Purchase Agreement between Recticel and Aquinos Industry SA.

Recticel has an outstanding receivable on Aquinos Industry SA of EUR 25.2 million, to be collected subject to final agreement on the completion accounts.

The results of the Bedding activities are composed as follows:

Bedding in thousand EUR	1H2022 (3 months)	1H2021 (6 months)
Sales	56 567	92 540
Cost of sales	(44 782)	(72 452)
Gross profit	11 785	20 088
General and administrative expenses	(5 956)	(5 979)
Sales and marketing expenses	(7 118)	(13 390)
Research and development expenses	(398)	(854)
Other operating revenues	2 939	(1 729)
Operating profit (loss)	1 252	(1 864)
Interest expenses	(131)	(543)
Other financial income	591	586
Other financial expenses	(652)	(517)
Financial result	(192)	(474)
Result of the period before taxes	1 060	(2 338)
Income taxes	66	55
Result of the period after taxes	1 126	(2 283)

For the six months period ending 30 June 2022, the Bedding division contributed following cash flows to the consolidated cash flow statement of the Group:

Bedding in thousand EUR	1H2022	1H2021
Operating profit (loss)	1 252	(1 864)
Net cash flow from operating activities	(2 662)	(7 841)
Net cash flow from divestment (investment) activities	(759)	(1 212)
Net cash flow from financing activities	(859)	(1 642)
Effect of exchange rate changes	56	13
Changes in cash and cash equivalents	(4 223)	(10 681)
Net free cash flow	(4 279)	(10 694)

C. Temda2 GmbH (formerly Automotive Interiors)

Following the finalization of the closing accounts per 31 December 2021 for the Automotive Interiors divestment, a settlement was reached between Recticel and the purchaser with regard to certain amounts to be taken into consideration for deduction from the purchase price, as well as a claimed breach of the agreement. The settlement of the Automotive Interiors divestment led to a negative result of EUR 0.1 million as per 30 June 2022 (and a positive result of EUR 1.3 million as per 30 June 2021).

1.7.7.5. DIVIDENDS

The Board of Directors' proposal to distribute a gross dividend of EUR 0.29 per share or EUR 16.2 million for the year 2021, was approved by the shareholders at the Annual General Meeting of 31 May 2022. The payment of this dividend took place on 07 June 2022, and is thus reflected in the financial statements for the first half-year of 2022.

I.7.8. CONDENSED CONSOLIDATED BALANCE SHEET

I.7.8.1. GOODWILL

Group Recticel in thousand EUR	At the end of the period ending 30 June 2022
Net book value at the end of the preceding period	13 721
Movements during the period	
Preliminary goodwill from acquisition Trimo	122 453
Reclassification Engineered Foams (IFRS 5)	(9 446)
Exchange rate differences	(159)
Net book value at the end of the period	126 569

In 2022, the change in scope of consolidation follows the integration of Trimo d.o.o.

There are no triggers for impairment testing.

I.7.8.2. FINANCIAL LIABILITIES

(a) FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

Group Recticel in thousand EUR	NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	30 JUN 2022	31 DEC 2021	30 JUN 2022	31 DEC 2021
Secured				
Lease liabilities	15 909	43 723	2 390	6 692
Bank loans	164 328	164 782	949	925
Factoring with recourse	0	0	0	0
Total secured	180 237	208 505	3 340	7 617
Unsecured				
Current bank loans	49	0	62 683	1
Commercial paper	0	0	74 968	49 992
Bank overdrafts	0	0	244	580
Other financial liabilities	0	0	584	873
Total unsecured	49	0	138 479	51 447
Total liabilities carried at amortised cost	180 285	208 505	141 819	59 064

In the above table, current bank loans comprise the amounts drawn under the Bridge Financing Loan (see comments hereafter).

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

Group Recticel in thousand EUR	30 JUN 2022	31 DEC 2021
Drawn amounts under the various available interest-bearing borrowing facilities		
Outstanding amounts under the syndicated credit facility	153 335	152 840
Outstanding amounts under lease liabilities (incl. finance leases)	15 909	43 723
Outstanding amounts under other non-current loans	10 993	11 943
Outstanding amounts under non-current gross interest-bearing borrowings (a)	180 237	208 506
Outstanding amounts under bank overdrafts	244	580
Outstanding amounts under current bank loans	63 632	926
Outstanding amounts under lease liabilities	2 390	6 692
Outstanding amounts under commercial paper programs ¹	74 968	49 992
Outstanding amounts under other financial liabilities	633	873
Outstanding amounts under current gross interest-bearing borrowings (b)	141 867	59 064
Total outstanding amounts under gross interest-bearing borrowings (c)=(a)+(b)	322 104	267 570
Outstanding amounts under non-recourse factoring programs (d)	29 542	25 162
Total outstanding amounts under gross interest-bearing borrowings and factoring programs (e)=(c)+(d)	351 647	292 732
Weighted average lifetime of non-current interest-bearing borrowings (in years)	1.84	2.50
Weighted average interest rate of gross financial debt at fixed interest rate	2.08%	2.26%
Interest rate range of gross financial debt at fixed interest rate	0.62% - 2.62%	1.46% - 2.62%
Weighted average interest rate of gross financial debt at variable interest rate	0.92%	1.40%
Interest rate range of gross financial debt at variable interest rate	0.39% - 1.70%	0.60% - 3.70%
Weighted average interest rate of total gross financial debt	0.99%	1.50%
Percentage of gross financial debt at fixed interest rate	6.1%	11.8%
Percentage of gross financial debt at variable interest rate	93.9%	88.2%

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

In the above table, current bank loans comprise the amounts drawn under the Bridge Financing Loan (see comments hereafter).

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

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

(i) Lease liabilities

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

These finance leases consist mainly of two leases:

- (i) the lease financing of the Insulation plant in Bourges (France), which has an outstanding amount as of 30 June 2022 of EUR 3.1 million and is at floating rate, hedged by an interest rate swap; and
- (ii) the additional lease to finance the extension of the Insulation plant in Wevelgem (Belgium) in 2017, which has an outstanding amount as of 30 June 2022 of EUR 8.04 million and is at fixed rate.

(ii) Bank loans – “syndicated credit facility”

On 04 December 2020 the Group entered into:

- (i) a new EUR 100 million syndicated revolving credit facility to replace the EUR 175 million 'club deal' facility maturing in February 2021, and
- (ii) a EUR 205 million acquisition financing facility to finance the FoamPartner acquisition, closed on 31 March 2021. The outstanding balance on 30 June 2022 of the acquisition financing facility is EUR 155 million, as a redemption of EUR 50 million was made on 31 December 2021 to the banks.

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

(iii) Other bank loans

In 2018, Recticel concluded a secured fixed rate bilateral bank loan of EUR 15.5 million for the financing of the new greenfield Insulation plant in Finland. The tenor of this amortising bank loan is 15 years, with maturity in March 2033. The outstanding amount at 30 June 2022 is EUR 11.9 million.

(iv) Commercial paper program

In 2017, the Group initiated, through Recticel NV/SA, a short-term commercial paper program (TCN – Titres de Créances Négociables) in France for an amount of EUR 100 million, which was increased in 2018 to EUR 150 million. This TCN-program is used to complement the financing of day-to-day working capital needs of the Group. The amount issued under the TCN-program is to be covered by the unused amount under syndicated credit facility. Following the refinancing and reduction of the amount of the syndicated revolving credit facility, the short-term commercial paper program has been reduced to EUR 100 million as of 01 February 2021. The commercial paper program has an outstanding amount of EUR 75 million on 30 June 2022.

(v) Bridge Financing Loan

Following the acquisition of Trimo, in April 2022, Recticel concluded a secured fixed rate credit agreement with KBC Bank and Belfius Bank as lenders for a total of EUR 75 million. The tenor of the contracts is 30 September 2022 and 31 October 2022 respectively. The outstanding amount at 30 June 2022 is EUR 62.5 million.

The 'syndicated revolving credit financing facility and the acquisition financing facility, are subject to financial covenants. No covenants are in place for other financial liabilities.

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

Group Recticel in thousand EUR	30 JUN 2022	31 DEC 2021
Unused amounts under non-current financing facilities		
Undrawn available commitments under the syndicated credit facility ¹	25 000	50 000
Undrawn available under non-current commitments maturing within one year	0	0
Undrawn available under other non-current commitments	0	0
Total available under non-current facilities	25 000	50 000
Unused amounts under current financing facilities		
Undrawn under current on-balance facilities	45 107	45 050
Undrawn under off-balance factoring programs	0	0
Total available under current facilities	45 107	45 050
Total unused amounts under financing facilities	70 107	95 050

¹ The amount drawn under the commercial paper program is to be covered at any time by the undrawn amount under the syndicated credit facility. Therefore the reported unused amount as of 30 June 2022 of EUR 25 million under the EUR 100 million syndicated credit facility is after deduction of the issued amounts under the commercial paper program.

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

I.7.9. MISCELLANEOUS

I.7.9.1. OFF-BALANCE SHEET ITEMS

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

Group Recticel in thousand EUR	30 JUN 2022	31 DEC 2021
Guarantees given or irrevocably promised by Recticel NV/SA as security for debts and commitments of companies	106 619	169 563

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries or associates with banks (EUR 83.3 million), lessors (EUR 13.1 million), governmental institutions (EUR 3.8 million) and other third parties (EUR 6.4 million).

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

1.7.9.2. ISSUE OF NEW EDITION OF THE STOCK OPTION PLAN

Following the decision of the Board of Directors taken on 23 June 2022, a new edition of the stock option plan was launched in favour of leading staff members of the Group. In total 320,000 options were attributed with an exercise price of EUR 17.74. The exercise period runs - after a vesting period of three years -, from 01 January 2026 till 11 May 2029. Fair value of this option serie amounts to EUR 1.8 million.

300,000 out of the 320,000 were allocated to the current members of the Management Committee.

1.7.9.3. RELATED PARTY TRANSACTIONS

There are no material new related party transactions compared to those mentioned in the annual report 2021.

1.7.9.4. CONTINGENT ASSETS AND LIABILITIES

a) Tertre (Belgium)

Reference is made to the 2021 Annual Report

b) Wetteren (Belgium)

Reference is made to the 2021 Annual Report. By July 2022 the initial soil investigations and provisional remediation plans have been concluded for the Wetteren plant.

c) Litigations

Reference is made to the 2021 Annual Report, with no material subsequent changes.

1.7.9.5. POST-BALANCE SHEET DATE EVENTS

A. Status disposal of Engineered Foams activities to US-based Carpenter Co.

On 18 July 2022, the UK Competition and Markets Authority (the “CMA”) published its decision that the remedy undertakings offered by Carpenter cannot be accepted by the CMA under the Enterprise Act 2002 without more clarifications, and that it will refer the case to Phase 2.

Recticel and Carpenter are collaborating to provide additional information and clarifications to the CMA with regard to the remedy undertakings. Due to the additional Phase 2 procedure, the closing of the transaction will be delayed and is now expected to be completed by the first quarter of 2023.

I.7.9.6. Reconciliation with alternative performance measures

Group Recticel in thousand EUR	1H2022	1H2021 restated
Income statement		
Sales	274 321	229 678
Gross profit	47 908	39 624
EBITDA	24 546	22 078
Operating profit (loss)	17 842	15 538
Operating profit (loss)		
Amortisation intangible assets	597	780
Depreciation tangible assets	6 051	5 760
Impairments on goodwill, intangible and tangible fixed assets	57	0
EBITDA	24 546	22 078
EBITDA		
Restructuring charges	1 132	626
Other	3 482	(330)
Adjusted EBITDA	29 160	22 375
Operating profit (loss)		
Restructuring charges	1 132	626
Other	3 482	(330)
Impairments	57	0
Adjusted Operating profit (loss)	22 513	15 835
Total net financial debt		
	30 JUN 2022	31 DEC 2021 as published
Non-current financial liabilities	180 285	208 505
Current financial liabilities	141 819	59 064
Cash	(66 845)	(118 367)
Other financial assets ¹	(409)	(1 380)
Net financial debt on statement of financial position	254 850	147 822
Factoring programs	29 543	25 162
Total net financial debt	284 393	172 984
¹ Hedging instruments and interest advances		
Gearing ratio (Net financial debt / Total equity)		
Total equity	417 645	391 306
Net financial debt on statement of financial position / Total equity	61.0%	37.8%
Total net financial debt / Total equity	68.1%	44.2%
Leverage ratio (Net financial debt / EBITDA)		
Net financial debt on statement of financial position / EBITDA ²	1.8	1.6
Total net financial debt / EBITDA ²	2.0	1.9
Net working capital		
Inventories and contracts in progress	58 620	112 897
Trade receivables	83 862	141 596
Deferred receivables for share investments/divestments	26 006	0
Other receivables	17 542	15 869
Income tax receivables	389	4 660
Trade payables	(98 684)	(120 247)
Current contract liabilities	(14 568)	(9 081)
Income tax payables	(2 596)	(4 466)
Other amounts payable	(43 943)	(66 885)
Net working capital	26 628	74 343
Current ratio (= Current assets / Current liabilities)		
Current assets, excluding discontinued operations	253 164	393 389
Current liabilities, excluding discontinued operations	303 025	283 146
Current ratio (factor)	0.8	1.4

² The 30 June 2022 pro forma leverage ratio = Net financial debt (before application of IFRS 5) divided by the sum of (a) EBITDA (last 12 months) (before application of IFRS 5) and (b) EBITDA (last 12 months) of the recently acquired company Trimio. This pro forma leverage ratio is a better comparable to the leverage ratio at 31 December 2021.

Remark: Balance sheet items, balance sheet KPIs and balance sheet alternative performance measures per 31 December 2021 are not restated.

Adjustments to Operating profit (loss)

Adjustments to Operating profit (loss) on continuing operations in 1H2022 amount to EUR -4.6 million (1H2021: EUR -0.3 million) and include:

- EUR -1.1 million of restructuring costs,
- EUR -3.5 million of other adjustments, which relate mainly to (i) legal and advisory fees (EUR -1.0 million) primarily linked to the acquisition of Trimo, (ii) a fair value adjustment on inventories by application of IFRS 3, reversal of inventory step up values resulting from the purchase price allocation of Trimo (EUR -2.2 million).

II. MANAGEMENT REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the comment of the management report, reference is made to the press release of 26 August 2022.

III. DECLARATION BY THE RESPONSIBLE OFFICERS

Mr Johnny Thijs (Chairman of the Board of Directors), Mr Olivier Chapelle (Chief Executive Officer) and Mr Dirk Verbruggen (Chief Financial Officer), certify in the name and on behalf of Recticel, that to the best of their knowledge the interim condensed consolidated financial information, for the period ended on 30 June 2022, prepared in accordance with the IAS 34 “Interim Financial Reporting”, as adopted by the European Union, and with legal requirements in Belgium, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole for the period ended 30 June 2022. The commentary on the overall performance of the Group included in the press release from page 1 to 6 includes a fair review of the development and performance of the business and the position of the Group and its undertakings included in the consolidation as a whole.

Brussels, 25 August 2022

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IV. STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements, consisting of the condensed consolidated statement of financial position of Recticel NV/SA and its subsidiaries (jointly "the Group") as of June 30, 2022 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed statement of changes in shareholders' equity and the condensed consolidated cash flow statement for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Diegem, 25 August 2022

The statutory auditor

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL

Represented by

Marc Daelman

Bedrijfsrevisor/Réviseur d'entreprises

V. GLOSSARY

- **IFRS measures**

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

- **Alternative Performance Measures**

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

Adjusted EBITDA : EBITDA before Adjustments (to Operating profit)

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

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

Current ratio : Current assets / Current liabilities

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

Gearing : Net financial debt / Total equity

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

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

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

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

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

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

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

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