2.4 Financial report

2.4.1 Consolidated financial statements

The consolidated financial statements have been authorised for issue by the Board of Directors on 27 April 2022. 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*	2021	2020 restated [1]
Sales	**2.4.2.3.**	**1,032,795**	**616,883**
Cost of sales		(845,405)	(510,223)
Gross profit	**2.4.2.4.1.**	**187,390**	**106,660**
General and administrative expenses	2.4.2.4.2.	(66,733)	(44,230)
Sales and marketing expenses	2.4.2.4.2.	(44,892)	(32,408)
Research and development expenses	2.4.2.4.2.	(9,186)	(7,927)
Impairment of goodwill, intangible and tangible assets	2.4.2.3.	(27)	(2,352)
Other operating revenues	2.4.2.4.3.	20,121	19,043
Other operating expenses	2.4.2.4.3.	(40,512)	(30,383)
Income from associates	2.4.2.5.5.	371	703 [2]
Operating profit (loss)	**2.4.2.4.4.**	**46,532**	**9,106**
Interest income		1,065	908
Interest expenses		(6,838)	(3,384)
Other financial income		7,136	3,106
Other financial expenses		(5,901)	(4,218)
Financial result	**2.4.2.4.5.**	**(4,538)**	**(3,588)**
Income from other associates		451	(5,790) [2]
Impairment other associates		0	(5,525)
Change in fair value of option structures		(7,315)	1,103
Result of the period before taxes		**35,130**	**(4,694)**
Income taxes	2.4.2.4.6.	14,335	(3,470)
Result of the period after taxes - continuing operations		**49,465**	**(8,164)**
Result from discontinued operations	2.4.2.4.7.	4,876	71,319
Result of the period after taxes - continuing and discontinued operations		**54,341**	**63,155**
of which share of the Group		53,522	63,151
of which non-controlling interests		819	4

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

1 As announced in the press release of 15 February 2022, the Bedding activities which are currently in the process of being divested to the Aquinos Group, have been accounted for as Discontinued Operations (IFRS 5).
The Bedding activities that will not be transferred to Aquinos Group are incorporated in the Engineered Foams segment.
For comparison purposes, the formerly published 2020 income statements and cash flow statements have been restated accordingly.

2 A distinction has been made between Income from associates - included in operating profit (loss) - and Income from other associates - excluded from operating profit (loss).
Income from associates: income from associates considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam
Income from other associates: income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat and TEMDA2 (Ascorium, formerly Automotive Interiors)

2.4.1.2 Earnings per share

in EUR

Group Recticel	Notes*	2021	2020 restated
Number of shares outstanding (including treasury shares)		55,963,420	55,742,920
Weighted average number of shares outstanding (before dilution effect)		55,519,330	55,174,425
Weighted average number of shares outstanding (after dilution effect)		56,282,863	55,381,032
Earnings per share			
Earnings per share - continuing operations		0.89	(0.15)
Earnings per shares - discontinued operations		0.09	1.29
Earnings per share of continuing and discontinued operations		**0.98**	**1.14**
Earnings per share from continuing operations			
Earnings per share from continuing operations - Basic	2.4.2.4.9.	0.89	(0.15)
Earnings per share from continuing operations - Diluted	2.4.2.4.10.	0.88	(0.15)
Earnings per share from discontinued operations			
Earnings per share from discontinued operations - Basic	2.4.2.4.9.	0.09	1.29
Earnings per share from discontinued operations - Diluted	2.4.2.4.10.	0.09	1.29
Net book value		**6.99**	**6.01**

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*	2021	2020
Result for the period after taxes		**54,341**	**63,155**
Other comprehensive income			
Actuarial gains (losses) on employee benefits recognized in equity		7,351	420
Deferred taxes on actuarial gains (losses) on employee benefits		(1,469)	0
Currency translation differences that will not subsequently be recycled to profit and loss		(274)	161
Share in other comprehensive income in joint ventures & associates that will not subsequently be recycled to profit and loss	2.4.2.5.5.	0	(262)
Items that will not subsequently be recycled to profit and loss		**5,608**	**319**
Hedging reserves		0	(70)
Currency translation differences that subsequently may be recycled to profit and loss		10,795	(9,227)
Foreign currency translation reserve difference recycled in the income statement		0	18,311
Deferred taxes on retained earnings		0	(113)
Share in other comprehensive income in joint ventures & associates that subsequently may be recycled to profit and loss	2.4.2.5.5.	0	(2,098)
Items that subsequently may be recycled to profit and loss		**10,795**	**6,803**
Other comprehensive income net of tax		16,403	**7,122**
Total comprehensive income for the period		**70,744**	**70,277**
Total comprehensive income for the period		**70,744**	**70,277**
Total comprehensive income for the period attributable to the owners of the parent		69,926	70,273
Total comprehensive income for the period attributable to non-controlling interests		819	4
Total comprehensive income for the period attributable to the owners of the parent		**69,926**	**70,273**
Total comprehensive income for the period attributable to the owners of the parent - Continuing operations		63,889	(9,662)
Total comprehensive income for the period attributable to the owners of the parent - Discontinued operations		6,037	79,935

** 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 2021	31 Dec 2020
Intangible assets	2.4.2.5.1.	34,945	14,806
Goodwill	2.4.2.3.1.	13,721	24,139
Property, plant & equipment	2.4.2.5.2.	313,406	173,000
Right-of-use assets	2.4.2.5.3.	62,603	75,377
Investment property		7,564	3,331
Investments in associates	2.4.2.5.4.	12,709	12,351
Investments in other associates	2.4.2.5.5.	10,361	11,030
Non-current receivables	2.4.2.5.6.	18,730	25,760
Deferred tax assets	2.4.2.4.6.	46,845	25,298
Non-current assets		**520,884**	**365,092**
Inventories	2.4.2.5.7.	112,897	90,833
Trade receivables	2.4.2.5.9.	141,596	102,726
Other receivables and other financial assets	2.4.2.5.9.	15,869	57,929
Income tax receivables		4,660	1,452
Other investments		0	170
Cash and cash equivalents	2.4.2.5.10.	118,367	79,255
Assets classified as held for sale	2.4.2.5.11.	141,466	1,300
Current assets		**534,855**	**333,665**
TOTAL ASSETS		**1,055,739**	**698,757**

in thousand EUR

Group Recticel	Notes*	31 Dec 2021	31 Dec 2020
Capital	2.4.2.5.12.	139,909	139,357
Share premium		132,087	131,267
Share capital		271,996	**270,624**
Treasury shares		(1,450)	(1,450)
Other reserves		(13,037)	(22,487)
Retained earnings		129,176	98,760
Hedging and translation reserves		(4,270)	(11,372)
Elements of comprehensive income of discontinued operations		7,367	0
Equity (share of the Group)		**389,782**	**334,075**
Equity attributable to non-controlling interests		1,524	705
TOTAL EQUITY		**391,306**	**334,780**
Employee benefit liabilities	2.4.2.5.13.	39,135	52,342
Provisions	2.4.2.5.14.	21,993	18,979
Deferred tax liabilities	2.4.2.4.6.	36,229	12,173
Financial liabilities	2.4.2.5.15.	208,505	70,426
Other amounts payable		25	26
Non-current liabilities		**305,887**	**153,946**
Provisions	2.4.2.5.14.	3,386	1,598
Financial liabilities	2.4.2.5.15.	59,064	14,403
Trade payables	2.4.2.5.16.	120,247	88,923
Current contract liabilities	2.4.2.5.8.	9,081	15,183
Income tax payables		4,466	1,045
Deferred payables for share investments		18,749	0
Other amounts payable	2.4.2.5.16.	66,885	88,879
Liabilities directly associated with assets classified as held for sale	2.4.2.5.16.	76,668	0
Current liabilities		**358,546**	**210,031**
TOTAL EQUITY AND LIABILITIES		**1,055,739**	**698,757**

** The accompanying notes are an integral part of this statement of financial position. See also note 2.4.2.4.7. on Discontinued operations and 2.4.2.4.8. on Business combinations.*

2.4.1.5 Consolidated cash flow statement

in thousand EUR

Group Recticel		Notes*	2021	2020 restated
Operating profit (loss)		**2.4.2.4.4.**	**46,532**	**9,106**
Amortisation of intangible assets		2.4.2.5.1.	4,790	1,543
Depreciation of tangible assets		2.4.2.5.2.	38,082	25,828
(Reversal) Impairment losses on intangible assets		2.4.2.5.1.	0	9
(Reversal) Impairment losses on tangible assets		2.4.2.5.2.	0	2,254
(Write-back)/Write-offs on assets			(20)	1,325
Changes in provisions			(5,376)	8,210
(Gains) / Losses on disposals of intangible and tangible assets			(2,614)	(130)
Income from associates			(371)	(704)
Other non-cash elements			(3,448)	606
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS			**77,576**	**48,048**
Inventories			(12,900)	(4,753)
Trade receivables			(16,338)	(60,869)
Other receivables			44,948	(1,074)
Trade payables			32,772	30,310
Other payables			(9,036)	19,440
Changes in working capital			**39,446**	**(16,946)**
Trade & Other long term debts maturing within 1 year			11	16
Tax credit (non-current receivables)			7	74
Income taxes paid			(8,112)	(3,445)
Cash flow from operating activities (discontinued operations)			3,796	(24,603)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(a)**		**112,724**	**3,146**
Interests received			49	166
Dividends received			25	229
Acquisition FoamPartner, net of cash acquired			(219,901)	0
Investments in and subscriptions to capital increases			0	(973)
Increase of loans and receivables			(670)	(26,099)
Decrease of loans and receivables			320	40,066
Investments in intangible assets		2.4.2.5.1.	(1,865)	(4,214)
Investments in property, plant and equipment		2.4.2.5.2.	(11,542)	(18,942)
Disposals of intangible assets		2.4.2.5.1.	36	0
Disposals of property, plant and equipment		2.4.2.5.2.	5,500	4,388
Proceeds from affiliates and joint ventures disposals			0	176,303
Disposals of investments held for sale			17	1,967

in thousand EUR

Group Recticel	Notes*	2021	2020 restated
(Increase)/Decrease of investments available for sale		0	16
Cash flow from divestment (investment) activities (discontinued operations)		(5,470)	(7,238)
NET CASH FLOW FROM DIVESTMENT (INVESTMENT) ACTIVITIES	**(b)**	**(233,500)**	**165,669**
Interests paid on financial debt	(c)	(3,551)	(1,687)
Interests paid on lease debt	(c)	(104)	(125)
Dividends paid		(14,451)	(13,254)
Increase (Decrease) of capital		1,372	1,797
Increase of financial debt		201,507	87,186
Decrease of financial debt		0	(202,204)
Decrease of lease debt	(d)	(17,995)	(13,189)
Cash flow from financing activities (discontinued operations)		(3,018)	1,803
NET CASH FLOW FROM FINANCING ACTIVITIES	**(e)**	**163,760**	**(139,674)**
Effect of exchange rate changes	(f)	3,480	1,635
CHANGES IN CASH AND CASH EQUIVALENTS	**(a)+(b)+(e)+(f)**	**46,463**	**30,776**
NET FREE CASH FLOW	**(a)+(b)(c)+(d)**	**(142,426)**	**153,813**

in thousand EUR

Group Recticel	Notes*	2021	2020 restated
Net cash position opening balance (continued operations)		76,790	
Net cash position opening balance (discontinued operations)		2,465	
Net cash position opening balance (g)		**79,255**	**48,479**
Net cash position closing balance (h)		**125,718**	**79,255**
Net cash position closing balance (discontinued operations)		7,352	
Net cash position closing balance (continued operations)		118,367	
CHANGES IN CASH AND CASH EQUIVALENTS (h)-(g)		**46,463**	**30,776**

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

Changes in financial liabilities

For the year ending 31 December 2021

in thousand EUR

Group Recticel	31 Dec 2020	Cash flows in 2021	Non-cash changes										31 Dec 2021
			New leases	Reassessment IFRS 16	Interests accrued	Fair value of hedging instruments	Actualisation	Amortisation	Transfer	Exchange differences	Transfer to held for sale	Change in scope	
Long term borrowings	**14,701**	143,756	0	0	0	0	59	877	(620)	196	(1,958)	7,773	**164,783**
Short term borrowings	**2,708**	(13,481)	0	0	35	0	(0)	0	(246)	(13)	(252)	62,933	**51,683**
Lease liabilities	**66,868**	(19,114)	3,652	5,671	2,155	0	107	0	(1)	1,217	(17,544)	7,404	**50,415**
Accrued interest liabilities	**553**	(3,925)	0	0	3,691	(59)	0	0	(63)	227	(3)	267	**689**
Total liabilities from financing activities	**84,830**	**107,237**	**3,652**	**5,671**	**5,881**	**(59)**	**166**	**877**	**(931)**	**1,626**	**(19,757)**	**78,377**	**267,570**

Change in scope relates to FoamPartner (Engineered Foams).
See also 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 2020

in thousand EUR

Group Recticel	31 Dec 2019	Cash flows in 2020	Non-cash changes									31 Dec 2020
			New leases	Reassessment IFRS 16	Interests accrued	Fair value of hedging instruments	Actualisation	Amortisation	Transfer	Exchange differences	Change in scope	
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 TEMDA2 GmbH (Ascorium - formerly Automotive Interiors).
See also 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 2021

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
Equity at the beginning of the period	**139,357**	**131,267**	**(1,450)**	**(22,487)**	**98,766**	**(11,378)**	**334,075**	**705**	**334,780**
Restatement IFRS 16 *	**0**	**0**	**0**	**0**	**(1,906)**	**0**	**(1,906)**	**0**	**(1,906)**
Dividends	0	0	0	0	(14,469)	0	(14,469)	0	(14,469)
Stock options (IFRS 2)	0	0	0	786	0	0	786	0	786
Capital movements [1]	552	820	0	0	0	0	1,372	0	1,372
Shareholders' movements	**552**	**820**	**0**	**786**	**(14,469)**	**0**	**(12,311)**	**0**	**(12,311)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**53,522**	**0**	**53,522**	**819**	**54,341**
Other comprehensive income	0	0	0	7,077	(1,469)	10,794	16,403	0	16,403
Changes in scope	0	0	0	117	(117)	0	0	0	0
Total comprehensive income	**0**	**0**	**0**	**7,194**	**51,936**	**10,794**	**69,925**	**819**	**70,744**
Equity at the end of the period	**139,909**	**132,087**	**(1,450)**	**(14,507)**	**134,327**	**(584)**	**389,783**	**1,524**	**391,306**

1 see note 2.4.5.12.

**Adjustment for reassessment of assumptions on dismantling and restoration costs.*

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
Equity at the beginning of the period	**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
Equity at the end of the period	**139,357**	**131,267**	**(1,450)**	**(22,487)**	**98,766**	**(11,378)**	**334,075**	**705**	**334,780**

1 see note 2.4.5.12.

2.4.2 Notes to the consolidated financial statements for the year ending 31 December 2021

2.4.2.1 Summary of significant accounting policies

2.4.2.1.1 Statement of compliance - basis of preparation

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

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 2021 are consistent with those used to prepare the consolidated financial statements for the year ended 31 December 2020, except for changes in accounting policies mentioned in the note here below.

2.4.2.1.2 Changes in accounting policies and disclosures

Endorsement status of the new standards as at 31 December 2021 (EFRAG status report 10 December 2021)

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

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

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

- **IFRS 17 'Insurance contracts' (effective 1 January 2023)**. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. On 17 March 2020, IASB decided to defer pop effective date to annual reporting periods beginning on or after 1 January 2023. The endorsement includes the amendments issued by the Board in June 2020, which are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance.

The EU regulation provides an optional exemption from applying the annual cohort requirement that relates to the timing of the recognition of the profit in the contract, the contractual service margin, in profit or loss. Entities making use of the exemption are not applying IFRSs as issued by the IASB and need to disclose the fact.

- **Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021 (effective 01/04/2021, with early application permitted).** The amendments extend, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. In particular, the amendment permits a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021). The amendment is effective for annual reporting periods beginning on or after 1 April 2021 (earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued).
- **Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements**

(effective 1 January 2022). The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.

- **Amendments to IFRS 3 Business Combinations** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16 Property, Plant and Equipment** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** specify which costs a company includes when assessing whether a contract will be loss-making.
- **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

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

- **Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 01/01/2023)**, affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:
  - Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
  - Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023)**. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).
- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023).** The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).
- **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023).** The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.
- **Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021, effective 1 January 2023).** The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

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

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

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.

- *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 TEMDA2 (Automotive Interiors).

- *Discontinued operations*

A discontinued operation is a component of the group that either has been disposed of or is classified as held for sale and represents a business line for which there is a plan to dispose of. Recticel classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use if all of the conditions of IFRS 5 are met. A disposal group is defined as a group of assets to be disposed of and liabilities directly associated with those assets that will be transferred. Immediately before classification as held for sale, the company measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRS. On initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent re-measurement. Non-current assets classified as held for sale are no longer depreciated or amortized.

- *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.

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 employees' 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 service already received are not available as a refund or reduction in future contributions after they are paid into the plan, an additional 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 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. No provisions for death in service is included in the defined-benefit obligations as it is fully insured, and the Group has no intention not to continue this insurance policy.

As there is no market price available for group insurance contracts, the fair value of such contracts is estimated by discounting the expected future cash flows (i.e. the amounts guaranteed by the insurer) using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets. The risk associated with these assets is based on the market situation at the reporting date.

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 or additional liability recognised under IFRIC 14, 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 therefore 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 and the future evolution of the minimum guarantees.

- *Termination benefits*

A liability and expense for termination benefits is recognised at the earlier of (a) the date when the offer of those benefits can no longer be withdrawn, and (b) the date 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 (Engineered Foams, Bedding, Insulation)
- Year-end rebates (Engineered Foams, Bedding, Insulation)
- Adjustments to cope with changes in raw material prices on a prospective basis (Engineered 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.

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 the taxable profit for the year. The taxable profit differs from the 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 the 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;
- business combinations including fair value accounting and goodwill determination.

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).

The CGU level is defined following the market and production capacities. This approach leads to the determination of five CGUs in Engineered Foams and three CGUs in Insulation:

- CGU "Engineered Foams - United Kingdom";
- CGU "Engineered Foams - Continental Europe";
- CGU "Engineered Foams - Scandinavia";
- CGU "Engineered Foams - USA";
- CGU "Engineered Foams – Asia".
- CGU "Insulation - United Kingdom";
- CGU "Insulation - Continental Europe";
- CGU "Insulation – Scandinavia".

An impairment analysis was performed for the CGUs:

- CGU "Engineered Foams - United Kingdom";
- CGU "Engineered Foams - Continental Europe";
- CGU "Engineered Foams - Scandinavia";

considering the goodwill allocated to them.

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

100% of the net book value of total goodwill was subject to impairment testing, and is composed as follows:

For **2021**:

in thousand EUR

Group Recticel	Engineered Foams	Insulation	Total
United Kingdom	3,221	988	4,208
Continental Europe	1,060	3,056	4,116
Scandinavia	5,396	0	5,396
Total net book value of goodwill	**9,676**	**4,044**	**13,721**

For **2020**:

in thousand EUR

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

The net book value of the assets, other than goodwill, retained for impairment tests, represents about 91.4% of the total property, plant and equipment, 23.2% of the total intangible assets and 45.5% of the total right-of-use assets. The examined assets relate to (i) the Engineered Foams' activities in the United Kingdom, Continental Europe and Scandinavia and to (ii) the Insulation operations of the Group.

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

For **2021**:

in thousand EUR

Group Recticel	Engineered Foams			Insulation	Total
	United Kingdom	Continental Europe	Scandinavia		
Goodwill	3,221	1,060	5,396	4,044	13,721
Other intangible assets	39	6,916	587	550	8,092
Property, plant & equipment	3,577	184,596	7,006	91,189	286,368
Assets under construction	968	12,667	274	2,778	16,687
Right-of-useassets	19,582	3,863	2,917	2,112	28,474
Total net book value	**27,387**	**209,102**	**16,180**	**100,674**	**353,343**
of which impairments recognised during the period	0	0	0	27	27

Footnote: Working capital is not included in the analysis.

For **2020**:

in thousand EUR

Group Recticel	Engineered Foams			Insulation	Total
	United Kingdom	Continental Europe	Scandinavia		
Goodwill	3,015	1,062	5,328	3,134	12,539
Other intangible assets	11	501	309	1,063	1,884
Property, plant & equipment	2,501	43,721	7,055	93,371	146,648
Assets under construction	1,189	7,004	1,056	3,736	12,985
Right-of-useassets	12,615	2,864	3,917	3,891	23,287
Total net book value	**19,331**	**55,152**	**17,665**	**105,195**	**197,343**
of which impairments recognised during the period	0	(1,273)	0	0	(1,273)

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 Engineered 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

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 7.1% is used for all CGUs (8.2% in 2020). 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)

Group target ratios:	**2021**	**2020**
Gearing: net financial debt/total equity	50%	50%
% net financial debt	33%	33%
% total equity	67%	67%
Pre-tax cost of debt	**1.64%**	**2.32%**[1]
Pre-tax cost of equity		
$= (R_f + (E_m * \beta) + S_p)/(1\text{-}T)$	**12.74%**	**12.83%**
Risk free interest rate = R_f	0.00%	0.10%
Beta = β	1.27	1.39
Market equity risk premium = E_m	6.0%	6.0%
Small cap premium = S_p	1.65%	1.65%
Corporate tax rate = T	**21.3%**	**21.6%**
Assumed inflation rate	1.9%	1.1%
Pre-tax WACC (weighted average cost of capital)	**7.1%**	**8.2%**

1 the 2020 pre-tax cost of debt integrates the impact of the FoamPartner acquisition (cfr 2.4.2.4.8. Business combinations)

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 2020.

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.

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 Engineered 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 "Engineered Foams – United Kingdom", "Engineered Foams – Continental Europe" and "Engineered 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 2.00% 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. 2022) EBITDA is based on the full-year 2021 level and the full-year effect of the efficiency measures taken in 2021.

On this basis, the value-in-use of the CGU "Engineered Foams – United Kingdom" amounts to 2.3 times (2020: 2.6 times) the net asset book value, the value-in-use of the CGU "Engineered Foams – Continental Europe" amounts to 1.6 times (2020: 2.9 times) the net asset book value, and the value-in-use of the CGU "Engineered Foams – Scandinavia" amounts to 5.7 times (2020: 6.0 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 2022-2024 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 2023) 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.

in thousand EUR

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)
Engineered Foams - United Kingdom	2.3 times book value	2.0 times book value	2.1 times book value	1.5 times book value	1.2 times book value
Engineered Foams - Continental Europe	1.6 times book value	1.5 times book value	1.5 times book value	1.1 times book value	0.9 times book value
Engineered Foams - Scandinavia	5.7 times book value	5.1 times book value	5.4 times book value	4.5 times book value	3.8 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.

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 subordinated vendor loan of EUR 10 million (maturity 2027) granted on 30 June 2020 to TEMDA2 GmbH, the 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. Since then Recticel holds a 25% participation in Proseat with the option to sell this remaining participation after three years.

As per 30 June 2021 the fair value of the Proseat option has been reduced from EUR 4.9 million to zero, and further to EUR -2.5 million by 31 December 2021. In April 2022, Recticel notified Sekisui that it wishes to exercise its put option.

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 joint venture TEMDA2/Ascorium has been made per 31 December 2021, valuing the fair value of the option amounted to zero (same as per 31 December 2020).

Both put/call option structures have been recognised as derivative financial instruments at fair value with changes in fair value to be recognised in profit or loss. The value of both options have been calculated using the Black & Sholes option price formula, with the following key assumptions : (i) spot price equal to the estimated enterprise value (Proseat) and equity value (TEMDA2) per end December 2021, (ii) automotive parts' sector volatility (32.2%), (iii) maturity based on terms and conditions set out in the initial share purchase agreement, (iv) a risk-free interest rate of -0.75% and (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 The Netherlands and Poland. While the ultimate outcome of these tax audits is not certain, the Group has considered the merits of its filing positions in the overall evaluation of potential tax liabilities and believes that adequate liabilities are recorded in the consolidated financial statements. However, important tax corrections can never be excluded. In such case, Recticel will defend its position, always in full collaboration with the tax authorities. The tax audit in Germany, which was still ongoing in 2020, has been closed without material corrections.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and other tax attributes to the extent that future taxable profits are expected to be available against which they can be used. For this purpose, management reviews the recognition of deferred tax assets based on the business plans of the entities concerned.

Net deferred tax assets decreased from EUR 13.1 million on 31 December 2020 to EUR 10.6 million on 31 December 2021, following the acquisition of FoamPartner and the fair value accounting as per IFRS 3.

Deferred tax assets are recognised mainly in Belgium (Recticel NV/SA – EUR 33.2 million), France (Recticel SAS – EUR 8.6 million), the United Kingdom (Recticel Ltd. - EUR 6.2 million) and Spain (Recticel Iberica – EUR 5.7 million), (amounts before offset with deferred tax liabilities).

Assets held for sale - Discontinued operations

In accordance with accounting standard IFRS 5, the Bedding segment – which per 31 December 2021 was in the process of being transferred to the Aquinos Group has been reclassified as assets and liabilities held for sale. The operating result of the Bedding segment has been presented in the consolidated financials as Result from Discontinued Operations. For comparison reasons, the formerly published 2020 financials have been restated accordingly.

Despite the fact that for the Engineered Foams segment (i) a decision for divestment has been taken by the Board of Directors, (ii) a binding offer was received, (iii) a shareholders' approval was received, IFRS 5 has not been applied because legal carve-outs still have to be executed and regulatory anti-trust approvals still have to be received. This segment remains included in the Group reporting as before.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. The fair value assessment as per 31 December 2021 led Recticel to increase the value of its investment property by EUR 4.2 million. This gain, arising from the change in the fair value of investment property, is included in profit or loss for the period.

2.4.2.1.5 COVID-19 impact

In the preparation of the consolidated financial statements for the year ended 31 December 2021, management considered the current economic environment and the impact of COVID-19. Despite the negative impact on the performance and cash flows during 2021 on the Bedding division (which has been divested on 31 March 2022), Recticel maintains a solid financial and liquidity position and meets its financial covenants. As such, management concluded the company is able to continue as a going concern with no long-term impact from COVID-19.

2.4.2.1.6 Brexit

The annual turnover of the Group in the UK represents 18.0% of total consolidated sales in 2021. 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.

2.4.2.1.7 Climate change

The Group's operations are generally speaking not energy intensive. Consequently, Recticel's activities and products have a limited negative impact on the emission of greenhouse gases. Moreover, this is overcompensated by Recticel's Insulation activities, that produce high-performance thermal insulation boards which over their product lifetime substantially overcompensate any negative impact on climate change from the Group's operations. Going forward, Recticel will become an even more "green company" as its insulation products will reduce the impact of heating buildings; hence it positively mitigates impact on climate change. Climate change might negatively impact the supply chain (raw material availability and prices), however, the Group is looking into alternative solutions such as (chemical and mechanical) recycling of life-end products.

2.4.2.1.8 Russia-Ukraine conflict

Currently Recticel has no local operations in Russia and Ukraine. Neither does Recticel export to Russia and Ukraine. Consequently, there is no direct impact observed nor to be expected.

However, it is not excluded that future operations and business are affected indirectly by the conflict. These indirect impacts may come from supply issues, an inflationary macro-economic environment, credit risks on customers and increasing financing costs. It is expected that these eventual impacts on operations and financial position should remain limited for the Group.

2.4.2.2 Changes in scope of consolidation

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

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

- FoamPartner Germany GmbH - Germany, which merged with FoamPartner Converting Center GmbH, Germany, FoamPartner Leverkusen GmbH, Germany and FoamPartner Delmenhorst GmbH, Germany
- Frina Mousse sàrl – France (in liquidation)
- FoamPartner Switzerland AG - Switzerland, which merged with Buttikofer AG, Switzerland
- FoamPartner Holding AG - Switzerland
- FoamPartner America Inc - USA
- FoamPartner Singapore - Singapore
- FoamPartner Polyurethane Materials (Changzhou) Co., Ltd. - China
- FoamPartner Trading (Shanghai) Ltd - China

End-2021, Recticel Bedding Belgium SA/NV was set up in the context of the carve-out of the Bedding activities which are to be sold to Aquinos (see 2.4.2.4.7 Discontinued operations).

So, following the agreement reached with the Aquinos Group on the divestment of the Group's Bedding activities, and in accordance with IFRS 5, the Bedding activities are presented as discontinued operations in the consolidated financial statements. For legal entities impacted by disposal of Bedding activities, see note 2.4.2.5.4.

Despite the fact that for the Engineered Foams segment (i) a decision for divestment has been taken by the Board of Directors, (ii) a binding offer was received, (iii) a shareholders' approval was received, IFRS 5 has not been applied because legal carve-outs still have to be executed and regulatory anti-trust approvals still have to be received.
The following 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 NV - 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.

2.4.2.3 Business and geographical segments

2.4.2.3.1 Business segments

Following the intended disposal of the Bedding segment (2022), the principal market segments for Recticel's goods and services are reported as from 2021 under three operating segments: Engineered Foams, 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 2021

in thousand EUR

Group Recticel	Engineered Foams	Insulation	Corporate & Eliminations	Total
SALES				
External sales[2]	583,559	390,558	58,679	1,032,795
Inter-segment sales	0	0	0	0
Total sales	**583,559**	**390,558**	**58,679**	**1,032,795**
OPERATING PROFIT (LOSS)				
Unallocated corporate expenses[1]			(30,051)	
Operating profit (loss)	**25,168**	**51,415**	**(30,051)**	**46,532**
Financial result				(4,538)
Income from other associates, impairments other associates and change in fair value of option structures				(6,864)
Result for the period before taxes				**35,130**
Income taxes				14,335
Result for the period after taxes - Continuing operations				**49,465**
Result for the period after taxes - Discontinued operations				**4,876**
Result for the period after taxes - Continuing and discontinued operations				**54,341**
of which non-controlling interests				819
of which share of the Group				53,522

1 Relates to headquarters' costs which include EUR 16.6 million consultancy fees (see note 2.4.2.4.3.).
2 External sales Corporate represents sales of chemical raw materials at cost to Proseat and TEMDA2 companies.

Income statement for the year 2020 (restated)

in thousand EUR

Group Recticel	Engineered Foams	Insulation	Corporate & Eliminations	Total
SALES				
External sales[2]	318,528	249,246	49,110	616,883
Inter-segment sales	0	0	0	0
Total sales	**318,528**	**249,246**	**49,110**	**616,883**
OPERATING PROFIT (LOSS)				
Unallocated corporate expenses[1]			(22,645)	
Operating profit (loss)	**14,812**	**16,939**	**(22,645)**	**9,106**
Financial result				(3,588)
Income from other associates and change in fair value of option structures				(10,212)
Result for the period before taxes				**(4,694)**
Income taxes				(3,470)
Result for the period after taxes - Continuing operations				**(8,164)**
Result for the period after taxes - Discontinued operations				**71,319**
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).
2 External sales Corporate represents sales of chemical raw materials at cost to Proseat and TEMDA2 companies.

Other information 2021

in thousand EUR

Group Recticel	Engineered Foams	Insulation	Corporate	Total
Depreciation and amortisation	30,327	10,980	1,869	**43,175**
Impairment losses recognised in profit and loss	0	27	0	**27**
EBITDA	55,494	62,422	(28,181)	**89,734**
Capital expenditure/additions	9,726	3,998	1,302	**15,026**

Other information 2020 (restated)

in thousand EUR

Group Recticel	Engineered Foams	Insulation	Corporate	Total
Depreciation and amortisation	14,582	10,575	2,633	**27,790**
Impairment losses recognised in profit and loss	1,273	0	95	**1,368**
EBITDA	30,667	27,513	(19,890)	**38,290**
Capital expenditure/additions	7,964	4,707	3,487	**16,158**

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 2021	31 Dec 2020
United Kingdom	3,221	3,015
Continental	1,060	1,062
Scandinavia	5,396	5,328
Total Engineered Foams	9,677	**9,405**
Continental	3,056	2,211
United Kingdom	988	923
Total Insulation	**4,044**	**3,134**
Total goodwill	**13,721**	**12,539**

Adjustments to Operating profit (loss) per segment

in thousand EUR

Group Recticel	Engineered Foams	Insulation	Corporate	Total
2021				
Restructuring charges and provisions	(2,171)	(77)	(568)	(2,816)
Other	(5,622)	(87)	(10,986)	(16,695)
Impairments	0	(27)	0	(27)
TOTAL	**(7,793)**	**(191)**	**(11,554)**	**(19,537)**
2020 restated				
Restructuring charges and provisions	(865)	(165)	(13)	(1,043)
Other	(351)	0	(4,745)	(5,096)
Impairments	(1,273)	0	(95)	(1,368)
TOTAL	**(2,489)**	**(165)**	**(4,853)**	**(7,507)**

For 2021

- Reorganisation charges in Engineered Foams in The Netherlands, France, Germany and Switzerland (EUR -2.2 million) and at Corporate level (EUR -0.6 million).
- Other adjustments relate mainly to legal and advisory fees (EUR -15.3 million) for (i) the acquisition of FoamPartner (Engineered Foams), (ii) the preparation of the divestment of the Bedding division, (iii) the dealings related to the Greiner offer, (iv) the preparation of the divestment of Engineered Foams to Carpenter, (v) a revaluation allowance for investment property in Belgium (EUR +4.2 million) and (vi) the realisation of a fair value adjustment on inventories by application of IFRS 3 (reversal of inventory step up values resulting from purchase price allocations (EUR -3.4 million).

For 2020 (restated)

- Restructuring charges (EUR -1.0 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).

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	2021	2020 restated
Belgium	124,305	102,379
France	127,456	99,667
Germany	109,919	22,759
Other EU countries	296,786	193,473
European Union	**658,466**	**418,279**
United Kingdom	191,101	136,555
Other	183,227	62,049
TOTAL	**1,032,795**	**616,883**

Reliance on major customers

In 2021, none of the customers represented more than 10% of total sales.

The top-10 customers of the Group represent 14.9% (2020 restated: 22.8%) 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 2021	31 Dec 2020	2021	2020
Belgium	76,618	86,413	7,645	13,554
France	34,533	36,070	2,830	2,671
Germany	105,905	8,582	4,733	1,394
Other EU countries	37,551	79,967	4,434	22,108
European Union	**254,607**	**211,032**	**19,642**	**39,728**
China	32,276	2,053	1,115	1,152
Switzerland	63,071	2,401	1,487	**29**
United Kingdom	50,165	42,900	2,361	1,801
Other	18,398	8,127	3,331	1,259
TOTAL	**418,518**	**266,512**	**27,936**	**43,969**

2.4.2.4 Income statement

2.4.2.4.1 Gross profit

On a like-for-like basis, the gross profit increased by 75.7% from 106.7 million (restated) to EUR 187.4 million. The higher gross profit is primarily explained by the increase of sales after a weak 2020 which was heavily impacted by the COVID-19 pandemic, especially in the first half-year. In addition, the improvement is explained by active pricing management to pass on the higher raw material costs in the selling prices, further efficiency and mix improvements and the positive contribution from FoamPartner.

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

General and administrative expenses increased by EUR 22.5 million to EUR 66.7 million on a like-for-like basis. This increase is mainly explained by a gradual normalisation in 2021, compared to 2020 during which the COVID-19 pandemic had led to tight cost saving measures and temporary unemployment measures.

For the same reason, Sales and marketing expenses increased from EUR 32.4 million (restated) to EUR 44.9 million, as well as Research and development expenses that increased from EUR 7.9 million (restated) to EUR 9.2 million.

2.4.2.4.3 Other operating revenues and expenses

in thousand EUR

Group Recticel	2021	2020 restated
Other operating revenues	20,121	19,043
Other operating expenses	(40,512)	(30,383)
TOTAL	**(20,391)**	**(11,340)**
Restructuring charges (including site closure, onerous contracts and clean-up costs)	(2,816)	(1,043)
Gain (Loss) on disposal of intangible, tangible and right-of-use assets	2,736	136
Gain (Loss) on investment operations	27	(90)
Revaluation investment property	4,233	0
IAS 19 Pensions and other similar obligations	(1,100)	(251)
IAS 19 Operating expenses	(932)	(1,063)
Provisions	2,749	(3,347)
Fees consultancy and subcontractors	(16,597)	0
Other expenses	(13,696)	(10,638)
Insurances commission (Recticel RE)	3,639	4,423
Other revenues	1,364	534
TOTAL	**(20,391)**	**(11,340)**

Restructuring

In **2021**, reorganisation charges (EUR -2.8 million) relate to restructuring measures in Engineered Foams in The Netherlands, France, Germany and Switzerland (EUR -2.2 million) and at Corporate level (EUR -0.6 million).

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 Engineered Foams (EUR 0.9 million).

Revaluation investment property

In **2021**, this item relates to a revaluation of investment property at fair value in Belgium.

Fees consultancy and subcontractors

In **2021**, this item relates to legal and advisory fees for (i) the acquisition of FoamPartner (Engineered Foams), (ii) the preparation of the divestment of the Bedding division, (iii) the dealings related to the Greiner offer and (iv) the preparation of the divestment of Engineered Foams to Carpenter.

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	2021	2020 restated
Sales	1,032,795	616,883
Purchases and changes in inventories	(595,574)	(329,680)
Other goods and services	(154,391)	(102,888)
Labour costs	(212,458)	(151,176)
Amortisation and depreciation on non-current assets	(42,832)	(27,312)
Impairments on non-current assets	(27)	(2,352)
Amounts written back/(off) on affiliated investments	(334)	(207)
Amounts written back/(off) on inventories	(290)	(658)
Amounts written back/(off) on receivables	310	(461)
Provisions	2,761	(2,404)
Gain/(Loss) on disposal intangible and tangible assets	2,736	136
Gain/(Loss) on disposal on investments	27	(91)
Gain/(Loss) on trade receivables	(99)	83
Operating taxes	(5,268)	(4,898)
Other operating expenses	(6,062)	(9,004)
Own production	3,027	2,778
Operating subsidies	1,040	890
Commissions and royalty income	107	3,680
Operating lease income	1,461	1,553
Revaluation investment property	4,233	0
Service fees	173	740
Other operating income	14,823	12,791
Income from associates	371	703
Operating profit (loss)	**46,532**	**9,106**

Sales: Sales increased by 67.4% from EUR 616.9 million to EUR 1,032.8 million; of which +32.8% from FoamPartner (EUR 202.6 million).

For both segments the sales growth has been driven by supportive demand in most markets, in combination with price increases mitigating the substantial impact of higher purchase prices for chemical raw material and other components. 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 increased as a result of higher sales and on average higher chemical raw materials prices and higher volumes compared to 2020 which was impacted by the COVID-19 pandemic.

Other goods and services comprise transportation costs (EUR 48.3 million versus EUR 34.5 million in 2020), operating lease expenses (EUR 1.8 million versus EUR 1.7 million in 2020), supplies (EUR 16.8 million versus EUR 11.3 million in 2020), fees (EUR 30.3 million versus EUR 15.0 million in 2020), repair and maintenance costs (EUR 12.3 million versus EUR 8.6 million in 2020), advertising/fairs/exhibition costs (EUR 2.1 million versus EUR 2.2 million in 2020), travel expenses (EUR 2.3 million versus EUR 1.7 million in 2020), administrative expenses (EUR 6.3 million versus EUR 4.6 million in 2020), insurance expenses (EUR 10.5 million versus EUR 8.6 million in 2020), waste removal and environmental expenses (EUR 3.2 million versus EUR 5.7 million in 2020), security expenses (EUR 1.1 million versus EUR 1.3 million in 2020).

Labour costs increased compared to 2020, which was heavily impacted by 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	2021	2020 restated
Interest on lease liabilities	(1,665)	(1,666)
Interest on long-term bank loans	(3,056)	(558)
Interest on short-term bank loans & overdraft	(2,054)	(1,026)
Net interest charges on Interest Rate Swaps and Foreign Currency Swaps	42	(112)
Total borrowing cost	**(6,733)**	**(3,362)**
Interest income from bank deposits	220	68
Interest income from financial receivables	786	825
Interest income from financial receivables and cash	**1,006**	**893**
Interest charges on other debts	(90)	(40)
Interest income on other receivables	22	34
Total other interest	**(69)**	**(5)**
Interest income and expenses	**(5,795)**	**(2,474)**
Exchange rate differences	1,347	(828)
Net interest cost IAS 19	(149)	(290)
Other financial result	59	5
Total other financial result	**1,257**	**(1,113)**
FINANCIAL RESULT	**(4,538)**	**(3,587)**

2.4.2.4.6 Income taxes

1. Income tax charges

in thousand EUR

Group Recticel	2021	2020 restated
Recognised in the income statement		
Current tax expense:		
Current year[1]	8,841	3,534
Adjustments in respect of prior year	3	(125)
Total current tax expense	**8,844**	**3,409**
Deferred tax expense:		
Origination and reversal of temporary differences and tax losses	1,080	(3,617)
Unrecognised deferred tax assets on current year's losses[2]	2,987	4,544
Recognition of deferred tax assets previously not recognised[3]	(27,599)	(1,538)
Derecognition of previously recognised deferred tax assets	31	387
Effect of changes in tax rates on deferred taxes	427	(136)
Adjustments for prior periods	60	1,622
Other deferred tax expenses	(164)	(1,201)
Total deferred tax expense	**(23,179)**	**61**
Total tax expense on continuing operations	**(14,335)**	**3,470**

1 The current tax expenses increased in 2021 compared to 2020 as a result of higher profit before tax.

2 The unrecognised deferred tax assets on current year's losses mainly relate to losses incurred in Germany in 2021 and to losses incurred in Germany and Spain in 2020.

3 Additional deferred tax assets have been recognised in Belgium, France and Spain in 2021 compared to 2020 as a result of increased profit expectations, including gains on the carve-out of the Bedding and Engineered Foams activities.

in thousand EUR

Group Recticel	2021	2020 restated
Reconciliation of effective tax rate		
Profit (loss) before taxes - continuing operations	35,130	(4,692)
Minus income from associates	(371)	(703)
Minus income from other associates	(451)	5,790
Result before tax and income from (other) associates	**34,308**	**395**
Group's domestic tax rate	**25.00%**	**25.00%**
Tax at the Group's domestic income tax rate	**8,577**	**99**
Effect of different tax rates of subsidiaries operating in different jurisdictions	(2,781)	(3,452)
Tax effect of non-deductible expenses	4,171	2,784
Tax effect of non-taxable income	(904)	(597)
Tax effect of tax incentives	(365)	(144)
Unrecognised deferred tax assets on current year's losses	2,987	4,544
Recognition of deferred tax assets previously not recognised	(27,599)	(1,538)
Derecognition of deferred tax assets previously recognised	31	387
Effect of changes in tax rates on deferred taxes	427	(136)
Tax effect of current and deferred tax adjustments related to prior years	65	1,302
Other	1,056	221
Tax expense for the year - continuing operations	**(14,335)**	**3,470**

in thousand EUR

Group Recticel	2021	2020 restated
Deferred tax charged or (credited) directly to equity		
Impact of IAS 19R on equity	1,469	113
Total	**1,469**	**113**

2. Deferred tax assets and liabilities

in thousand EUR

Group Recticel	31 Dec 2020			31 Dec 2021								
	Deferred tax assets	Deferred tax liabilities	Net	Recognised in the income statement	Recognised in other comprehensive income	Acquired in business combinations	Transfer to discontinued operations	Translation differences	Other	Net	Deferred tax assets	Deferred tax liabilities
Recognised deferred tax assets and liabilities												
Intangible assets[1]	4,690	(345)	4,345	(92)	(1)	(5,664)	(38)	26	0	(1,424)	4,060	(5,485)
Property, plant & equipment[1/2]	669	(15,781)	(15,112)	(1,866)	0	(18,310)	2,584	(297)	0	(33,002)	1,367	(34,369)
Investments	101	0	101	250	0	289	0	20	4,987	5,648	5,648	(0)
Receivables	35	(799)	(764)	(52)	275	(448)	9	(0)	(4,450)	(5,430)	634	(6,063)
Inventories	322	0	322	1,262	0	(1,298)	(38)	67	0	315	329	(15)
Cash and cash equivalents	8	(0)	8	0	0	(0)	(7)	0	(1)	(0)	0	(0)
Tax-free reserves	1,871	(4,932)	(3,061)	(106)	0	0	(19)	31	4	(3,151)	42	(3,193)
Early retirements and defined benefits	7,268	0	7,268	2,488	(1,744)	79	(18)	62	7	8,141	8,141	0
Provisions for other risks and charges	1,865	(6,653)	(4,788)	(847)	0	(840)	(247)	30	(9)	(6,701)	1,614	(8,315)
Interest-bearing borrowings and loans	10,392	(724)	9,668	1,786	0	0	(2,056)	263	(545)	9,116	10,632	(1,516)
Other liabilities	2,438	(157)	2,281	(491)	0	502	(234)	22	35	2,115	2,349	(234)
Tax loss carry-forwards[2]	12,532	0	12,532	21,106	0	1,641	(356)	(1)	0	34,922	34,922	(1)
Other tax attributes	325	0	325	(259)	0	0	1	(0)	0	68	68	(0)
Total	**42,516**	**(29,392)**	**13,124**	**23,179**	**(1,469)**	**(24,050)**	**(419)**	**223**	**28**	**10,617**	**69,806**	**(59,190)**
Set-off	(17,218)	17,218	-								(22,961)	22,961
Total (as provided in the statement of financial position)	**25,298**	**(12,173)**	**-**								**46,846**	**(36,229)**

The total net deferred tax assets decreased from EUR 13.1 million at 31 December 2020 to EUR 10.6 million at 31 December 2021. The main changes in 2021 are relating to the following items:

1 An increase of deferred tax liabilities on intangible assets and property, plant & equipment primarily due to the deferred tax liabilities computed on the step-up basis resulting from the purchase price allocation of the acquisition of FoamPartner (impact of EUR 22.7 million included in the column Acquired in business combinations).

2 An increase of deferred tax assets on tax loss carry forwards as a result of the recognition in 2021 of deferred tax assets previously not recognised on losses in Belgium (EUR 17.1 million), France (EUR 5.9 million) and Spain (EUR 3.6 million) - impact included in the amount of EUR 21.1 million recognised in the income statement.

Tax loss carry-forwards – amounts by expiration date:

in thousand EUR

Group Recticel	2021[3]	2020[1/2]
One year	951	0
Two years	1,044	2,322
Three years	364	8,529
Four years	0	313
Five years and thereafter	9,201	134,101
Without time limit	360,681	396,757
TOTAL	**372,242**	**542,022**

1 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 of which EUR 127.5 million were lost in 2021 due to the earlier divestment of the TEMDA2 (Ascorium) (formerly Automotive Interiors) activities.

2 The total amount of tax losses carried forward per 31 December 2020 also includes the tax losses carried forward of the entities of the Bedding activities (EUR 26.4 million) which were reported within the discontinued operations in 2021 and of Proseat NV (EUR 19,7 million) which has been liquidated in 2021.

3 At 31 December 2021, EUR 34.9 million of deferred tax assets are recognised in respect of tax losses, representing EUR 139.6 million of tax losses carried forward out of a total amount of tax losses carried forward of EUR 372 million. Deferred tax assets in relation to losses which are not recognised relate mainly to Germany (Recticel Verwaltung EUR -173 million) and Spain (Recticel Iberica: EUR -50 million).

Deferred tax assets recognised and unrecognised by the Group apply to the following elements as at **31 December 2021:**

in thousand EUR

Group Recticel	Total potential deferred tax assets[1]	Recognised deferred tax assets[2/3]	Not recognized deferred tax assets[1/2]
Temporary differences	36,732	34,816	1,916
Tax losses carried forward	104,265	34,922	69,343
Other tax attributes	3,357	68	3,289
Total before set-off	**144,354**	**69,806**	**74,548**

1 The variances in total potential deferred tax assets and non recognised deferred tax assets in 2021 compared to 2020 are mainly due to:
- the attribution of the losses in the US to the TEMDA2 (Ascorium) (formerly Automotive Interiors) activities which were divested (impact of EUR 27.9 million)
- the exclusion of the Bedding division which is reported within the discontinued assets (impact of EUR 2.4 million)
- the liquidation of Proseat NV (impact of EUR 4.9 million).

2 The remaining variance on non-recognised deferred tax assets is primarily due to the recognition in 2021 of deferred tax assets not recognised in 2020, in Belgium (EUR 17.1 million), France (EUR 5.9 million) and Spain (EUR 3.6 million).

3 At 31 December 2021 deferred tax assets of EUR 69.8 million are recognised mainly in Belgium (EUR 33.2 million), in France (EUR 8.6 million), United Kingdom (EUR 6.2 million) and Spain (EUR 5.7 million). These deferred tax assets have been recognised as it is expected that future taxable profit will be available against which the related deductible temporary differences, unused tax losses and tax attributes can be utilized.

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	Recognised deferred tax assets	Not recognized deferred tax assets
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**

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. Except for the undistributed profit in Estonia, no deferred tax liabilities have been recognised on undistributed retained earnings of subsidiaries.

2.4.2.4.7 Discontinued operations

For the period ending 31 December 2021

The result of the period after taxes of the discontinued operations (EUR 4.9 million) comprises:

- The net result of Bedding (EUR +3.5 million), and
- The net result of EUR +1.4 million in relation with TEMDA2 (Ascorium, formerly Automotive Interiors)

Bedding

On 18 November 2021 Recticel entered into a binding agreement with Aquinos Group for the sale of its Bedding Activities. At the special shareholders meeting on 24 December 2021 all proposed resolutions regarding the sale of the Bedding business line to Acquinos were approved. The Sales and Purchase Agreement ("SPA") was signed on 28 December 2021. The business generated sales of EUR 208,6 million for the year ending 31 December 2021 and represents disposed net assets of EUR 65,1 million as of 31 December 2021. The transaction was expected to be closed during the first quarter of 2022.

Following the application of IFRS 5, Bedding activities have been accounted for as discontinued operations. IFRS 5 has been applied on the basis of the following facts : (i) decision by the Board of Directors to divest the Bedding activities, (ii) received a binding offer, (iii) obtention of a shareholders' approval, (iv) execution of legal carve-outs and (v) no anti-trust issues to be expected.

The results of these Bedding activities are composed as follows:

in thousand EUR

Profit and loss account	Bedding	
	2020	2021
Sales	**211,909**	**208,555**
Cost of sales	(161,540)	(165,169)
Gross profit (loss)	**50,369**	**43,386**
General and administrative expenses	(13,719)	(12,013)
Sales and marketing expenses	(28,217)	(27,805)
Research and development expenses	(1,354)	(2,081)
Impairment of goodwill, intangible and tangible assets	(88)	0
Other operating revenues	1,544	1,584
Other operating expenses	(3,791)	(3,208)
Operating profit (loss)	**4,744**	**(137)**
Financial result	(1,557)	(1,203)
Result of the period before taxes	**3,187**	**(1,340)**
Income taxes	(554)	(964)
Net result of the period	**2,633**	**(2,304)**
Adjustments consolidation	0	5,805
Total net result at level of Recticel NV/SA	**2,633**	**3,501**

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 Bedding are as follows:

in thousand EUR

Assets and liabilities	31 Dec 2021
	Bedding
Goodwill	11,079
Intangible assets	7,658
Property, plant and equipment	22,536
Right-of-use assets	24,564
Other financial assets	257
Deferred taxes	6,304
Prepaid for defined benefit plans	1
Non-current assets	**72,399**
Inventories	33,372
Trade receivables	23,517
Other receivables and other financial assets	4,358
Income tax receivables	281
Other investments	187
Cash and cash equivalents	7,352
Reclassification to assets held for sale	0
Current assets	**69,067**
TOTAL ASSETS OVER WHICH CONTROL WAS LOST	**141,466**
Pensions and similar obligations	6,206
Provisions	2,192
Financial liabilities	19,241
Other amounts payable	3
Non-current liabilities	**27,642**
Provisions	189
Financial liabilities	516
Trade payables	24,789
Current contract liabilities	7,964
Income tax payables	102
Other amounts payable	15,212
Current liabilities	**48,772**
TOTAL LIABILITIES OVER WHICH CONTROL WAS LOST	**76,414**
NET ASSETS DISPOSED OF	**65,052**

In accordance with IFRS 5, the balance sheet per 31 December 2020 has not been restated, and the balance sheet per 31 December 2021 has been restated with balance sheet positions of continuing versus discontinued operations being eliminated.

Transactions between the discontinued operations of Bedding and the other continuing activities are eliminated, both at income statement and financial position level. These transactions relate mainly to purchases of raw materials by Bedding (EUR 50.7 million) and net short-term financings (EUR 25.5 million).

In the income statement per 31 December 2020 and 2021 transactions between continuing and discontinued operations have been eliminated.

At 31 December 2021 the other comprehensive income comprises hedging reserves (EUR 3.0 million) and currency translation adjustments (EUR 3.6 million) that will be recycled in the income statement (result from discontinued operations) at the moment of the closing of the divestment of Bedding.

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

in thousand EUR

Cash flows	2021	2020
Operating profit (loss)	**(571)**	**4,744**
Income from discontinued operations	1,375	68,692
Amortisation of intangible assets	613	675
Depreciation of tangible assets	6,541	16,830
Amortisation of deferred long term and upfront payment	562	1,339
(Reversal) Impairment losses on goodwill, intangible and tangible assets	0	1,193
(Write-back)/Write-offs on assets	(391)	(186)
(Write-back)/Write-offs on shares affiliates	0	220
Changes in provisions	481	(594)
(Gains) / Losses on disposals of shares affiliates	0	(101,674)
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS	**8,610**	**(8,762)**
Inventories	(3,607)	(288)
Trade receivables	5,417	4,669
Other receivables	(11,929)	650
Trade payables	9,127	(13,006)
Other payables	(3,588)	(6,233)
Changes in working capital	**(4,581)**	**(14,209)**
Trade & Other long term debts maturing within 1 year	(11)	111
Tax credit (non-current receivables)	(7)	0
Income taxes paid	(215)	(1,743)
NET CASH FLOW FROM OPERATING ACTIVITIES	**3,796**	**(24,603)**
Interests received	**0**	**131**
Dividends received	**0**	**(113)**
Investments in and subscriptions to capital increases	**0**	**(1,403)**
Decrease of loans and receivables	**0**	**27**
Investments in intangible assets	**(2,327)**	**(198)**
Transfers fromInvestments in Pproperty, plant and equipment	**(2,595)**	**(5,373)**
Net deferred charges long term	**(559)**	**(545)**
Disposals of intangible assets	**2**	**0**
Disposals of property, plant and equipment	**26**	**252**
Disposals of investments held for sale	**(17)**	**0**
(Increase)/Decrease of investments available for sale	**0**	**(16)**
NET CASH FLOW FROM DIVESTMENT (INVESTMENT) ACTIVITIES	**(5,470)**	**(7,238)**
Interests paid on financial debt	**(36)**	**(459)**
Increase of financial debt	**0**	**10,337**
Decrease of financial debt	**(2,983)**	**(691)**
Decrease of lease debt	0	(7,384)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(3,018)**	**1,803**
Effect of exchange rate changes (f)	**(0)**	**0**
CHANGES IN CASH AND CASH EQUIVALENTS	**(4,693)**	**(30,038)**
NET FREE CASH FLOW	**(1,710)**	**(39,684)**

in thousand EUR

Group Recticel	Total shareholders' equity	Of which continuing operations	Of which discontinued operations
Equity at the beginning of the period	**334,075**	**332,745**	**1,330**
Restatement IFRS 16 *	**(1,906)**	**0**	**(1,906)**
Dividends	(14,469)	(14,469)	0
Stock options (IFRS 2)	786	786	0
Capital movements [1]	1,372	1,372	0
Shareholders' movements	**(12,311)**	**(12,311)**	**0**
Profit or loss of the period	**53,522**	**48,646**	**4,876**
Other comprehensive income	16,403	13,337	3,066
Changes in scope	0	0	0
Total comprehensive income	**69,925**	**61,983**	**7,942**
Equity at the end of the period	**389,783**	**382,417**	**7,366**

1 see note 2.4.5.12.

**Adjustment for reassessment of assumptions on dismantling and restoration costs.*

- *TEMDA2 GmbH (formerly Automotive Interiors)*

For the period ending 31 December 2021
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 positive result of EUR 1.4 million as per 31 December 2021.

For the period ending 31 December 2020
On 30 June 2020, the Group has completed the divestment of its 50% stake in the Eurofoam Flexible Foams joint venture to Greiner, as well as the divestment of its Automotive Interiors division to TEMDA2 GmbH, a newly created company in which Admetos holds 51% and Recticel holds a 49% minority participation.

The contractual framework for the divestment of Automotive Interiors contained - 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 related specifically to a potential compensation 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. The total compensation amounted to EUR 0,5 million and has been fully settled as of April 2021.

For the second item, a provision had 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 a EUR 20 million Revolving Credit facility to finance working capital needs of the joint-venture financing facilities. 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 thousand EUR

Gross profit	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

Profit and loss account	2020 Eurofoam	2020 TEMDA2 GmbH (previously Automotive Interiors)
Sales	**0**	**55,303**
Cost of sales	0	(55,166)
Gross profit (loss)	**0**	**137**
General and administrative expenses	0	(6,801)
Sales and marketing expenses	0	(2,847)
Research and development expenses	0	(815)
Impairment of goodwill, intangible and tangible assets	0	(1,106)
Other operating revenues	127,123	574
Other operating expenses	(2,695)	(55,985)
Income from other associates	3,813	11,656
Operating profit (loss)	**128,241**	**(55,187)**
Financial result	0	(2,556)
Result of the period before taxes	**128,241**	**(57,743)**
Income taxes	0	(1,812)
Net result of the period	**128,241**	**(59,555)**

The impact of the discontinued operations on the cash flow statement can be found in note 2.4.1.5 Consolidated cash flow statement.

For the period ending 31 December 2020

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

in thousand EUR

Capital gain (loss) on disposal	Eurofoam	TEMDA2 GmbH (previously Automotive Interiors)
Full consideration received	184,547	2,390
Net assets disposed	(44,944)	(22,360)
Cumulative translation differences related to the net assets disposed	(11,770)	(6,757)
Provisions for post-closing price adjustments and specific arrangements	(865)	(12,798)
Transaction fees and other expenses	(2,540)	(1,700)
Capital gain (loss) on disposal	**124,428**	**(41,225)**

2.4.2.4.8 Business combinations

For the period ending 31 December 2021

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

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

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

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

Purchase consideration	in million CHF	in million EUR
Purchase consideration	167.9	155.9
Net financial debt	88.8	82.2
Debt-like items and working capital adjustments	13.3	12.2
Total purchase consideration	**270.0**	**250.3**

The change in the total purchase consideration (EUR 250.3 million versus EUR 246.4 million per 30 June 2021) is mainly due to currency impacts (CHF/EUR) and settlements in the closing accounts.

The enterprise value of CHF 270 million (EUR 248.3 million), can be reconciled as follows to the cash flow from investment activities as per 31 December 2021:

in million EUR

Consideration payable to customersid	
Total purchase consideration	**250.3**
Debt-like items and working capital adjustments	(12.2)
Deferred payment payable in January 2022	(18.2)
Consideration paid	**219.9**

Compared to 30 June 2021, the receivable on Conzzeta AG has been settled resulting in a consideration paid per 31 December 2021 of EUR 219.9 million.

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

in million EUR

Assets and liabilities	
Customer list	16.3
Cash-in from disposals ofOther intangible assets	10.4
Property, plant and equipment	178.2
Right-of-use assets	7.4
Inventories	38.2
Trade receivables	54.8
Cash and cash equivalents	19.6
Provisions	-2.9
Employee benefit liabilities (net)	-1.1
Financial liabilities	-103.9
Lease liabilities	-7.4
Trade payables	-30.6
Net deferred taxes	**-23.1**
Net identifiable assets acquired	155.9
Goodwill	0.0
Total net debt, debt-like items and working capital adjustments	94.4
Total purchase consideration - '000 EUR	**250.3**
Total purchase consideration - '000 CHF	**270.0**

The fair value of the acquired customer list and customer contracts of EUR 16.3 million and part of Property, Plant and Equipment of EUR 178.2 million was provisional as per 30 June 2021 and has been finalized per the 31 December 2021 following the receipt of the final valuations for those assets. Other fair value adjustments relate to inventory step up adjustment (EUR 3.4 million) and Marketing and Technology related intangible assets (EUR 4.8 million). Deferred tax liabilities of EUR -24.7 million have been provided for in relation to these fair value adjustments. Next to that, EUR 1.6 million deferred tax assets have been recognized on tax losses caried forward in the US.

Acquisition-related costs

Acquisition-related costs of EUR 3.7 million relate to real estate transfer taxes and advisor fees and are included under ‘’other operating expenses in the income statement as per 31 December 2021.

Revenue and profit contribution

The acquired business contributed revenues of EUR 205.4 million and an adjusted operating profit of EUR 3.1 million and a net result of EUR -5.4 million to the group for the period from 1 April 2021 to 31 December 2021. If the acquisition had occurred on 1 January 2021, consolidated revenue, consolidated adjusted operating profit and consolidated net result (attributable to the owners of the parent) for the year-ended 31 December 2021 would have been EUR 1.103 million, EUR 66.4 million and EUR 28.8 million respectively.

Staff

As a result of the acquisition of FoamPartner the average number of people employed increased by 851 full time equivalents.

For the period ending 31 December 2020: None

2.4.2.4.9 Dividends

Amounts recognised as distributions to equity holders in the period.

Dividend for the period ending 31 December 2020 of EUR 0.26 per share.

Proposed dividend for the period ending 31 December 2021 of EUR 0.29 per share, leading to a total pay-out of EUR 16,229,392 (2020: EUR 14,493,159), including the portion attributable to the treasury shares (326,800 in total per 31 December 2021).

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.

2.4.2.4.10 Basic earnings per share

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

Group Recticel	2021	2020
Net profit (loss) for the period (in thousand EUR)	**54,341**	**63,155**
Net profit (loss) from continuing operations	49,465	(8,164)
Net profit (loss) from discontinued operations	4,876	71,319
Weighted average shares outstanding		
Ordinary shares on 01 January (excluding treasury shares*)	55,416,120	55,070,639
Exercised subscription rights	220,500	345,481
Ordinary shares on 31 December (excluding treasury shares*)	55,636,620	55,416,120
Weighted average shares outstanding	**55,519,330**	**55,174,425**
* Number of treasury shares held per 31 December	326,000	326,800

in EUR

Group Recticel	2021	2020
Basic earnings per share	**0.98**	**1.14**
Basic earnings per share from continuing operations	0.89	(0.15)
Basic earnings per share from discontinued operations	0.09	1.29

2.4.2.4.11 Diluted earnings per share

Computation of the diluted earnings per share:

in thousand EUR

Group Recticel	2021	2020
Dilutive elements		
Net profit (loss) from continuing operations	49,465	(8,164)
Net profit (loss) from discontinued operations	4,876	71,319
Profit (loss) attributable to ordinary equity holders of the parent entity including assumed conversions	**54,341**	**63,155**
Weighted average ordinary shares outstanding	**55,519,330**	**55,174,425**
Stock option plans - subscription rights [1]	763,533	206,607
Weighted average shares for diluted earnings per share	**56,282,863**	**55,381,032**

in EUR

Group Recticel	2021	2020
Diluted earnings per share	0.97	1.14
Diluted earnings per share from continuing operations	0.88	(0.15)
Diluted earnings per share from discontinued operations	0.09	1.29

1 Per 31 December 2021, all outstanding subscription right plans as from April 2016 are in-the-money. The outstanding subscription right plans which are 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 2021:

in thousand EUR

Group Recticel 31 Dec 2020	Development costs	Trademarks, patents & licenses	Client portfolio goodwill	Other intangible assets	Assets under construction and advance payments	Total
At the end of the preceding period						
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 preceding period	**0**	**5,584**	**728**	**34**	**8,459**	**14,806**
Movements during the year:						
Business combinations	0	4,762	16,347	5,707	0	26,816
Acquisitions	0	2,210	14	2	2,005	4,231
Amortisation	0	(3,252)	(2,105)	(117)	0	(5,474)
Transfers from one heading to another	0	7,098	65	(5,489)	(653)	1,021
Transfer to discontinued operations	0	(3,156)	0	0	(4,543)	(7,699)
Exchange rate differences	0	281	867	123	(27)	1,244
At the end of the current period	**0**	**13,527**	**15,916**	**260**	**5,241**	**34,945**
Gross book value	153	58,434	24,527	1,824	5,955	90,893
Accumulated amortisation	(153)	(38,585)	(8,611)	(1,564)	(102)	(49,015)
Accumulated impairment	0	(6,322)	0	0	(612)	(6,934)
Net book value at the end of the period	**0**	**13,527**	**15,916**	**260**	**5,242**	**34,945**
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	

Reference is also made to note 2.4.2.1.4. - Key judgments and major sources of estimation uncertainty and note 2.4.2.4.8. – Business combinations.

The above figures contain the impact of the discontinued operations (Bedding), of which impact is included in line item Transfer to discontinued operations. As such total amortisation in the above table comprise EUR -0.6 million related to Bedding (discontinued).

In **2021**, the item 'Business combinations' relates to the acquisition of FoamPartner.

Total acquisition of intangible assets amounted to EUR 4.2 million, compared to EUR 3.7 million in 2020. The investments in intangible assets in 2021 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).

For the year ending 31 December 2020:

in thousand EUR

Group Recticel	Development costs	Trademarks, patents & licenses	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:						
Discontinued operations	(365)	(467)	(0)	(9)	(92)	(933)
Acquisitions	0	73	0	4	3,607	3,685
Impairments	0	(9)	0	0	0	(9)
Amortisation	(207)	(1,820)	(176)	(16)	0	(2,218)
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.	

Reference is also made to note 2.4.2.1.4. - Key judgments and major sources of estimation uncertainty and note 2.4.2.4.8. – Business combinations.

In **2020**, the item 'Discontinued operations' 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).

2.4.2.5.2 Property, plant & equipment

For the year ending 31 December 2021:

in thousand EUR

Group Recticel	Land & buildings	Plant, machinery & equipment	Furniture & vehicles	Leases & similar rights	Other tangible assets	Assets under construction	Total
At the end of the preceding period							
Gross value	195,308	323,510	26,416	0	231	15,507	560,972
Accumulated depreciation	(107,741)	(256,452)	(20,979)	0	(163)	0	(385,335)
Accumulated impairments	(1,012)	(1,624)	(1)	0	0	0	(2,637)
Net book value at the end of the preceding period	**86,555**	**65,434**	**5,436**	**0**	**68**	**15,507**	**173,000**
Movements during the year							
Business combinations	125,791	42,230	3,521	0	0	6,655	178,197
Acquisitions	198	1,436	248	0	6	12,249	14,137
Impairments	0	(27)	0	0	0	0	(27)
Depreciation	(7,870)	(18,739)	(2,284)	0	(6)	0	(28,899)
Sales and scrapped	(711)	(27)	(36)	0	0	0	(773)
Transfers from one heading to another	(0)	15,195	0	0	0	(16,555)	(1,361)
Exchange rate differences	5,654	1,667	112	0	(3)	226	7,656
Transfer to discontinued operations	(13,645)	(11,880)	(606)	0	0	(2,394)	(28,526)
At the end of the period	**195,972**	**95,290**	**6,390**	**0**	**65**	**15,689**	**313,406**
Gross value	299,231	457,232	28,753	0	204	15,689	801,108
Accumulated depreciation	(102,955)	(360,418)	(22,363)	0	(139)	0	(485,875)
Accumulated impairments	(304)	(1,524)	0	0	0	0	(1,828)
Net book value at the end of the period	**195,972**	**95,290**	**6,390**	**0**	**65**	**15,689**	**313,406**

Reference is also made to note 2.4.2.1.4. - Key judgments and major sources of estimation uncertainty and note 2.4.2.4.8. – Business combinations.

The above figures contain the impact of the discontinued operations (Bedding), of which impact is included in line item Transfer to assets held for sale. As such total depreciation in the above table comprise EUR -0.3 million related to Bedding (discontinued).

In **2021**, the item 'Business combinations' relates to the acquisition of FoamPartner. Total acquisitions of tangible assets amounted to EUR 14.1 million, compared to EUR 21.5 million in 2020 (impacted by COVID-19 pandemic). Assets under construction mainly relate to Belgium (EUR 2.9 million), France (EUR 2.7 million), Germany (EUR 2.4 million), United Kingdom (EUR 1.6 million), Finland (EUR 0.7 million), Spain (EUR 0.7 million), The Netherlands (EUR 0.6 million), Poland (EUR 0.5 million), China (EUR 0.4 million) and Switzerland (EUR 0.4 million).

At 31 December 2021, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to EUR 0.7 million (2020: EUR 0.2 million)

For the year ending 31 December 2020:

in thousand EUR

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

In **2020**, the item ‘Discontinued operations’ relates to the discontinued Automotive Interiors operations. Reference is also made to note 2.4.2.4.7. – Discontinued 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).

2.4.2.5.3 Right-of-use assets

For the year ending 31 December 2021:

in thousand EUR

Group Recticel	Land & buildings	Plant, machinery & equipment	Furniture & vehicles	Total
At the end of the preceding period				
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 preceding period	**63,777**	**4,419**	**7,180**	**75,377**
Movements during the year				
Business combinations	7,254	29	122	7,405
Adjustment for reassessment of assumptions on dismantling and restoration costs	3,870	0	0	3,870
New leases	107	196	3,296	3,599
Lease reassessment	5,108	385	560	6,053
Depreciation	(8,542)	(1,740)	(4,521)	(14,804)
Ended contracts	(2,070)	(95)	(532)	(2,697)
Exchange rate differences	1,206	174	67	1,446
Transfer to discontinued operations	(15,949)	(195)	(1,502)	(17,646)
At the end of the period	**54,760**	**3,173**	**4,670**	**62,603**
Gross value	83,510	7,993	11,346	102,849
Accumulated depreciation	(28,401)	(4,774)	(6,676)	(39,851)
Accumulated impairments	(349)	(46)		(395)
Net book value at the end of the period	**54,759**	**3,173**	**4,671**	**62,603**
Contractual tenor (in years)	6 - 12	3 - 12	4	

Reference is also made to note 2.4.2.4.8. – Business combinations. The above figures contain the impact of the discontinued operations (Bedding), of which impact is included in line item Transfer to assets held for sale. As such total depreciation in the above table comprise EUR -0.3 million related to Bedding (discontinued).

The item Lease reassessment relates mainly to the reassessment of the economic lifetime of the leased buildings in the United Kingdom (EUR 3.6 million) and in the United States (EUR 1.3 million).

The weighted average underlying incremental borrowing rate of the right-of-use asset agreements per 31 December 2021 was 3.0% (3.7% per 31 December 2020).

For the year ending 31 December 2020:

in thousand EUR

Group Recticel	Land & buildings	Plant, machinery & equipment	Furniture & 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				
Discontinued operations	(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	

Reference is also made to note 2.4.2.4.7. – Discontinued 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 3.7% (3.2% per 31 December 2019).

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

At 31 December **2021**, the Group had entered into contractual commitments for the acquisition of right-of-use assets amounting to EUR 0.9 million.

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Low value leases	54	358
Short term leases	168	235
Services under leases	2,598	2,514
Other considerations	0	509
Total leases	**2,821**	**3,616**

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 2021**	**31 Dec 2020**
Austria			
Sembella GmbH	Aderstrasse 35 - 4850 Timelkam	100.00 (f)	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
Recticel Bedding Belgium b.v.	Diebeke, 20 - 9500 Geraardsbergen	100.00 (f)	-
s.a. Proseat n.v.	Bourgetlaan 42 - 1130 Haren	- (a)	100.00
China			
Recticel Foams (Shanghai) Co Ltd	525, Kang Yi Road - Kangyiao Industrial Zone, 201315 Shanghai	100.00	100.00
Recticel Flexible Foam (Wuxi) Co Ltd	No 30, Wanquan Road; Xishan Economic and Technological Developement Zone, Wuxi City	100.00	100.00
FoamPartner Polyurethane Materials (Changzhou) Co., Ltd.	330, Huanghe Road (West) - Changzhou City - 213000 Changzhou	100.00 (b)	0.00
FoamPartner Trading (Shanghai) Ltd	HiTech Plaza 2410, No. 488 Wuning Rd (South) - 200042 Shanghai	100.00 (b)	0.00
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
Frina Mousse sàrl (in liquidation)	1 Rue Jasmin, 68270 Wittenheim	100.00	0.00

		% shareholding in	
Subsidiaries		**31 Dec 2021**	**31 Dec 2020**
Germany			
Recticel Automobilsysteme GmbH		- (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 Engineered Foams GmbH (formely Recticel Dämmsysteme GmbH)	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00 (c)	100.00
Recticel Schlafkomfort GmbH	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00 (f)	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

Subsidiaries		% shareholding in 31 Dec 2021	31 Dec 2020
Morroco			
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 (f)	100.00
Recticel International B.V.	Spoorstraat 69 - 4041 CL Kesteren	100.00	100.00
Norway			
Recticel AS	Øysand - 7224 Mehus	100.00	100.00
Poland			
Recticel Sp. z o.o.	Ul. Graniczna 60, 93-428 Lodz	100.00 (f)	100.00
Recticel International Services Sp.z..o.o.	Ul. Lakowa 29, 90-554 Lodz Poland	100.00 (d)	-
Romania			
Recticel Bedding Romania s.r.l.	Miercurea Sibiului, DN1, FN, ground floor room 2 3933 Sibiu County	100.00 (f)	100.00
Singapore			
FoamPartner Singapore Pte. Ltd	8, Ubi Road 2, #07-21 Zervex	100.00 (b)	-
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

Subsidiaries		% shareholding in 31 Dec 2021	31 Dec 2020
Switzerland			
Recticel Bedding (Schweiz) AG	Bettenweg 12 Postfach 65 - 6233 Büron - Luzern	100.00 (f)	100.00
Recticel Engineered Foams Switzerland AG	Oberwolfhauserstrasse 9 - 8633 Wolfhausen	100.00 (b)	-
FoamPartner Holding AG	c/o Sielva Management SA - Gubelstrasse 11 - 6300 Zug	100.00 (b)(e)	0.00
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			
FoamPartner Americas Inc	2923 Technology Drive - Rochester Hills, MI 48309	100.00 (b)	0.00
The Soundcoat Company Inc.	Burt Drive 1 PO Box 25990 - NY 11729 Deer Park County of Suffolk	100.00	100.00

(a) Liquidated on 31 March 2021
(b) Consolidated since 01 April 2021
(c) Recticel Engineered Foams GmbH has been merged with FoamPartner Germany GmbH, which itself merged with FoamPartner Converting Center GmbH, FoamPartner Leverkusen GmbH and FoamPartner Delmenhorst GmbH, Germany
(d) Incorporated as from 01 October 2021
(e) former FoamPartner Switzerland AG, which merged with Buttikofer AG, Switzerland and was renamed
(f) entitiy that will be discontinued following the disposal of the Bedding activities

Significant restrictions to realise assets or settle liabilities
Recticel NV/SA, 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 NV/SA 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 1.8 million;
- on behalf of Recticel Bedding Romania s.r.l.: EUR 1.3 million;
- on behalf of Recticel Ltd.: EUR 17.5 million, of which an estimated EUR 6.5 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 1.2 million;
- on behalf of Recticel Bedding Schweiz AG: EUR 2.2 million;
- on behalf of Recticel Insulation OY: EUR 15.5 million in the framework of a real estate investment loan;
- on behalf of Recticel International Services NV/SA: EUR 3.0 million; and
- on behalf of Recticel Sp.z.o.o., mainly in the framework of a real estate lease: EUR 30.3 million.

Under the 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 2021 – to be paid in 2022 – proposed to the Annual General Meeting amounts to EUR 0.29 per share, leading to a total dividend pay-out of EUR 16.2 million (excluding treasury shares). This amount is below the above-mentioned 50% maximum pay-out limit.

2. ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

% shareholding in

Associates		31 Dec 2021	31 Dec 2020
Germany			
Proseat Europe GmbH	Hessenring 32 - 64546 Mörfelden-Walldorf	25.00	25.00
TEMDA2 GmbH	Gut Hochschloss 1 - 82396 Pähl	49.00	49.00 (f)
Italy			
Orsa Foam S.p.a.	Via A. Colombo, 60 21055 Gorla Minore (VA) - Italy	33.00	33.00

(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 NV/SA also provides guarantees and comfort letters, for a total amount of EUR 74.7 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 27.7 million;
- on behalf of TEMDA2 GmbH: EUR 25.0 million;
- on behalf of various Automotive Interiors companies: EUR 20.0 million; and
- on behalf of Orsafoam: EUR 2.0 million.

3. 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 2021	31 Dec 2020
Czech Republic			
Matrace Sembella s.r.o. (in liquidation)	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

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 2021		Joint ventures	Associates	Other Associates	31 Dec 2020	
At the end of the preceding period	**0**	**12,351**	**11,030**	**23,381**		**39,843**	**25,623**	**0**	**65,465**	
Movements during the year										
Capital increase	**0**	**0**	**0**	**0**		**0**	**0**	**960**	**960**	
Remeasurement gains/losses on defined benefit plans	0	0	0	0		(258)	0	(17)	(275)	
Income tax relating to components of other comprehensive income	0	0	0	0		0	0	0	0	
Other comprehensive income net of tax	**0**	**0**	**0**	**0**		**(258)**	**0**	**(17)**	**(275)**	
Group's share in the result for the period	**0**	**371**	(682)	(311)	1	(334)	704	(5,791)	(5,421)	
Translation differences	0	0	0	0		(1,399)	0	(243)	(1,641)	
Comprehensive income for the period	**0**	**371**	**(682)**	**(311)**		**(1,991)**	**704**	**(6,050)**	**(7,337)**	
Dividends distributed	**0**	0	0	0		3,640	0	0	3,640	3
Change in scope	0	0	0	0		(41,492)	(3,024)	10,692	(33,823)	2
Reclassification	0	0	0	0		0	(10,953)	10,953	0	4
Impairment	0	0	0	0		0	0	(5,524)	(5,524)	5
Other	0	**(13)**	**13**	0		0	0	0	0	
At the end of the period	**0**	**12,709**	**10,361**	**23,070**		**0**	**12,351**	**11,030**	**23,381**	

*1 In **2021**, only the result of TEMDA2 GmbH is recognised. As Recticel's investment in Proseat is reduced to zero as per 31 December 2020, additional losses are recognised by a provision (liability) only to the extent that Recticel has legal or constructive obligations or made payments on behalf of Proseat. As Recticel does not have such obligation, the loss of Proseat in 2021 did not result in an additional loss in the consolidated accounts of Recticel.*

2 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.

3 Dividends distributed by the Eurofoam group prior to the divestments.

4 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.)

5 Impairment loss relates to Proseat

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

in thousand EUR

Group Recticel	Associates		Other associates			
	ORSAFOAM		PROSEAT		TEMDA2 *	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Aggregated figures (sum of individual company ledgers before eliminations)						
Non-current assets	40,874	44,456	89,172	90,456	65,756	61,965
Current assets	84,473	68,146	69,764	78,984	67,137	98,514
Total assets	**125,347**	**112,602**	**158,936**	**169,440**	**132,893**	**160,479**
Non-current liabilities	(14,695)	(12,827)	(71,510)	(68,483)	(60,975)	(78,926)
Current liabilities	(56,513)	(47,384)	(101,198)	(78,869)	(44,134)	(80,838)
Total liabilities	**(71,208)**	**(60,211)**	**(172,708)**	**(147,352)**	**(105,109)**	**(159,764)**
Net equity	**54,139**	**52,391**	**(13,772)**	**22,088**	**27,784**	**715**
Revenue	**109,224**	**80,489**	**220,084**	**206,881**	**147,906**	**81,228**
Profit or (loss) of the period	**1,734**	**2,159**	**(38,058)**	**(20,677)**	**1,151**	**(1,269)**

in thousand EUR

Group Recticel	ORSAFOAM		PROSEAT		TEMDA2	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net equity (Group share)	**17,866**	**18,594**	**(3,443)**	**5,522**	**13,614**	**3,797**
Reversal of real estate revaluation	(4,727)	(6,337)	0	0	0	0
Corrections on opening balance	78	81	0	0	(3,223)	7,246
Impairment	0	0	(5,524)	(5,524)	0	0
Other	(508)	31	8,967	2	0	0
Carrying amount of interests in associate	**12,709**	**12,369**	**0**	**0**	**10,391**	**11,043**

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

Proseat released a loss of EUR -13.8 million (or EUR -3.4 million for Recticel's share). As Recticel recognised an impairment loss of EUR -5.5 million at the end of 2020, as a result of which the investment in Proseat was reduced to zero, the fully-year 2021 income statement was not impacted by the loss of Proseat. No losses for Proseat will be recognized due to the fact that Recticel doesn't provide any financial support any longer, with exception to the provision that was made in connection to the exercise of the option (EUR 2.5 million).

2.4.2.5.6 Other financial assets

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Financial investments	**610**	**534**
Loans to affiliates	10,207	10,207
Other loans	1,380	1,568
Non-current financial receivables	**11,588**	**11,775**
Cash advances and deposits	576	426
Other receivables	1,044	1,043
Non-current other receivables	**1,620**	**1,469**
Derivatives - Option valuation	0	4,865
TOTAL	**13,818**	**18,643**

The item 'Loans to affiliates' relates mainly to a new loan to TEMDA2 (EUR 10.0 million) The loan to Proseat s.r.o. of EUR 10.0 million was fully reimbursed in 2020. The item 'Other loans' relates to loans granted by Recticel SAS, France (EUR 1.4 million; 2020: 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 (see note 2.4.2.5.5.)

2.4.2.5.7 Inventories

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Raw materials & supplies - Gross	66,366	50,782
Raw materials & supplies - Amounts written off	(3,753)	(3,401)
Raw materials & supplies	**62,613**	**47,381**
Work in progress - Gross	10,440	10,506
Work in progress - Amounts written off	(388)	(375)
Work in progress	**10,053**	**10,130**
Finished goods - Gross	38,503	26,391
Finished goods - Amounts written off	(1,749)	(1,335)
Finished goods	**36,753**	**25,056**
Traded goods - Gross	3,373	8,804
Traded goods - Amounts written off	(242)	(752)
Traded goods	**3,130**	**8,052**
Down payments - Gross	21	1
Down payments - Amounts written off	0	0
Down payments	**21**	**1**
Contracts in progress - Gross	328	213
Contracts in progress - Gross - Moulds	0	0
Contracts in progress	**328**	**213**
TOTAL INVENTORIES	**112,897**	**90,833**

Amounts written-off on inventories during the period	(7,084)	(2,713)
Amounts written-back on inventories during the period	7,140	2,205

Total inventories increased due to impact of acquisition of FoamPartner and as a result of higher raw material prices.

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 2021:

in thousand EUR

Group Recticel	Opening balance	Release to income statement	Reclassification	Exchange differences	Transfer to discontinued operations	Change in scope	Closing balance at the end of the period
Current contract assets - Contracts in progress Tooling & Packaging	213	(167)	281	0	0	0	328
Current contract assets	**213**	**(167)**	**281**	**0**	**0**	**0**	**328**
Contract liabilities - Expected rebates and volume discounts	15,183	7,178	(6,175)	424	(7,964)	435	9,081
Current contract liabilities	**15,183**	**7,178**	**(6,175)**	**424**	**(7,964)**	**435**	**9,081**

The decrease of the contract assets and contract liabilities is mainly explained by the disposal of the Bedding activities.

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**

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 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**

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 2021	31 Dec 2020
Trade receivables	146,563	108,325
Loss allowance for expected credit losses	(4,967)	(5,599)
Total trade receivables	**141,596**	**102,726**
Other receivables [1]	**11,324**	**17,711**
Derivatives (forward exchange contracts)	180	0
Loans carried at amortised cost	4,365	40,219
Other financial assets [2]	**4,545**	**40,219**
Other receivables and other financial assets [1/2]	**15,869**	**57,930**

Trade receivables at the reporting date 2021 comprise amounts receivable from the sale of goods and services for EUR 141.6 million (2020: EUR 102.7 million).

In 2021, other receivables amounting to EUR 11.3 million relate to (i) VAT receivable (EUR 4.5 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 2.9 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 3.9 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 2021, other financial assets (EUR 4.5 million) mainly consist mainly of, a receivable of EUR 3.2 million (2020: EUR 34.9 million) relating to the continuing involvement under non-recourse factoring programs in Belgium, France and The Netherlands and loans of EUR 0.6 million to other associates (2020: EUR 4.5 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).

Factoring

To confine credit risks, non-recourse factoring programs were established for a total amount of EUR 40.0 million, which EUR 25.2 million was drawn down per 31 December 2021.

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Factoring without recourse		
Gross amount	28,361	34,094
Continuing involvement	(3,198)	(34,094)
Net amount	**25,162**	**0**
Retention amount recognized in debt	0	0
Total amount factoring without recourse	**25,162**	**0**

The average outstanding amounts of receivables vary 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 2021	31 Dec 2020
At the end of the preceding period	**(5,599)**	**(4,825)**
Additions	(124)	(1,117)
Reversals	479	693
Non-recoverable amounts	10	7
Reclassification	247	(637)
Exchange differences	36	117
Change in scope	(1,007)	0
Transfer to assets held for sale	991	163
Total at the end of the period	**(4,967)**	**(5,599)**

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

Discontinued operations

In **2021** this item relates to the Bedding activities which are to be sold to Aquinos. Reference is made note 2.4.2.4.7.

In **2020** this item related to the Automotive Interiors divestment agreement which 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.

Assets held for sale

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

2.4.2.5.12 Share capital

in thousand EUR

Group Recticel	2021	2020
Number of shares		
Number of shares issued and fully paid at 01 January	55,742,920	55,397,439
Number of shares issued and fully paid at 31 December	55,963,420	55,742,920
of which number of treasury shares at 31 December	326,800	326,800

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Issued and fully paid shares	139,909	139,357

The change in share capital is explained by the exercise of subscription rights in 2021.

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 2021	31 Dec 2020
Post-employment benefits: defined benefit plans	36,572	50,465
Other long-term benefits and termination benefits	2,563	1,877
Net liabilities at 31 December	**39,135**	**52,342**

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

Over 99% of the defined benefit obligation is concentrated in five countries: Belgium (40%), United Kingdom (25%), Switzerland (23%), France (7%) and Germany (4%).

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 information describes the largest retirement plans, which make up 88% of the total defined benefit obligation.

in thousand EUR

Group Recticel	Defined benefit obligation	Assets	Funded status	Adjustment due to asset ceiling/ additional liability under IFRIC 14	Net liability/ (asset)
Belgium	65,115	(49,536)	15,579	0	15,579
United Kingdom	39,651	(41,803)	(2,152)	5,923	3,771
Switzerland	37,453	(39,105)	(1,652)	1,652	0
Other countries	18,612	(1,390)	17,222	0	17,222
Total	**160,831**	**(131,834)**	**28,997**	**7,575**	**36,572**

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. 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 governed 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 2021 is GBP 3.3 million.

Switzerland

Recticel sponsors two hybrid pension plans in Switzerland, one of which relates to continuing operations. Both employer and employees pay contributions to fund this plan. The plan is open to new employees. The plan is funded through a collective foundation which is legally separate from Recticel and whose board of Trustees is composed equally of representatives of the employer and employees. 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 2021	31 Dec 2020
Evolution of the net liability during the year is as follows:		
Net liability at 01 January	**50,465**	**55,543**
Changes in scope of consolidation	(274)	(2,860)
Expense recognised in the income statement	9,424	7,491
Employer contributions	(9,886)	(8,955)
Amount recognised in other comprehensive income	(7,417)	(419)
Exchange differences	302	(335)
Discontinued net liability	(6,042)	0
Net liability at 31 December	**36,572**	**50,465**

Changes in scope of consolidation relate in 2021 to the acquisition of FoamPartner, and in 2020 to the partial divestment of the Automotive Interiors division.

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Pension costs recognised in profit and loss and other comprehensive income:		
Service cost:		
Current service cost	9,531	7,417
Employee contributions	(957)	(269)
Past service cost (including curtailments)	332	(390)
Cost or gain on settlement	0	102
Administration expenses	362	314
Net interest cost:		
Interest cost	976	1,283
Interest income	(818)	(987)
Interest on asset ceiling/ additional liability recognised under IFRIC 14	(2)	21
Pension expense recognised in profit and loss	**9,424**	**7,491**
Remeasurements in other comprehensive income		
Return on plan assets (in excess of)/below that recognised in net interest	(3,878)	(6,084)
Actuarial (gains)/losses due to changes in financial assumptions	(7,599)	8,271
Actuarial (gains)/losses due to changes in demographic assumptions	(1,401)	128
Actuarial (gains)/losses due to experience	(6,734)	(1,548)
Changes in the asset ceiling impact, excluding amounts recognised in net interest cost	6,766	95
Changes in additional liability recognised under IFRIC 14, excluding amounts recognised in net interest cost	5,429	(1,281)
Total amount recognised in other comprehensive income	**(7,417)**	**(419)**
Total amount recognised in profit and loss and other comprehensive income	**2,007**	**7,072**

In 2021, amounts for past service costs, curtailments and settlements relate to a plan change in France and personnel movements related to the FoamPartner acquisition. In 2020, they related to plan changes in Belgium and to Guaranteed Minimum Pension equalisation in the United Kingdom.

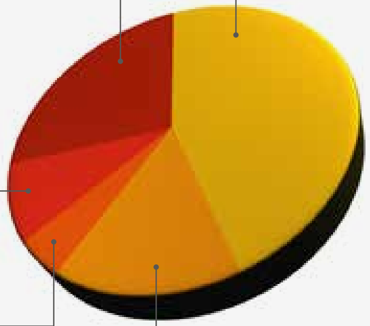
The amounts above are in respect of both **continuing and discontinued operations.**

in thousand EUR

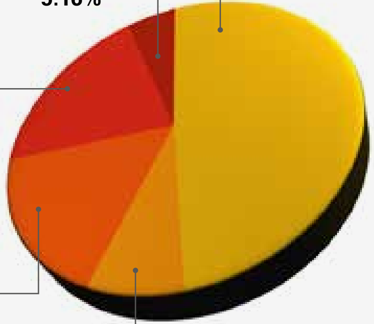
Group Recticel	31 Dec 2021	31 Dec 2020
Amounts recorded in the statement of financial position in respect of the defined benefit plans are:		
Defined benefit obligations for funded plans	152,260	168,673
Fair value of plan assets	(131,834)	(127,831)
Funded status for funded plans	**20,426**	**40,842**
Defined benefit obligations for unfunded plans	8,571	7,793
Total funded status at 31 December	**28,997**	**48,635**
Effect of the asset ceiling/ additional liability recognised under IFRIC 14	7,575	1,830
Net liabilities at 31 December	**36,572**	**50,465**
The key actuarial assumptions used at 31 December (weighted averages) are:		
Discount rate	0.91%	0.50%
Future pension increases	0.93%	0.83%
Expected rate of salary increases	1.72%	1.80%
Inflation	1.80%	1.73%
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	127,831	128,340
Changes in scope of consolidation	37,791	(5,127)
Interest income	818	987
Employer contributions	9,886	8,955
Employee contributions	957	269
Benefits paid (direct & indirect, including taxes on contributions paid)	(7,400)	(9,513)
Return on plan assets in excess of/(below) that recognised in net interest, excl. interest income	3,878	6,084
Settlement gains/(losses)	0	(47)
Administration expenses	(362)	(314)
Exchange differences	6,206	(1,803)
Discontinued plan assets	(47,771)	0
Fair value of plan assets at 31 December	**131,834**	**127,831**

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 2021



Asset classes of unit-linked insurance contacts



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 2021	31 Dec 2020
Movement of the defined benefit obligation		
Defined benefit obligation at 01 January	**176,466**	**180,817**
Changes in scope of consolidation	37,517	(7,987)
Current service cost	9,531	7,417
Interest cost	976	1,283
Benefits paid (direct & indirect, including taxes on contributions paid)	(7,400)	(9,513)
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions	(7,599)	8,271
Actuarial (gains)/losses on liabilities arising from changes in demographic assumptions	(1,401)	128
Actuarial (gains)/losses on liabilities arising from experience	(6,734)	(1,548)
Past service cost (including curtailments)	332	(390)
Settlement (gains)/losses	0	55
Exchange differences	5,976	(2,067)
Discontinued defined benefit obligation	(46,833)	0
Defined benefit obligation at 31 December	**160,831**	**176,466**
Split of the defined benefit obligation per population		
Active members	94,274	90,417
Members with deferred benefit entitlements	40,740	37,067
Pensioners/Beneficiaries	25,817	48,982
Total defined benefit obligation at 31 December	**160,831**	**176,466**
Changes in the effect of the asset ceiling/ additional liability under IFRIC 14		
Asset ceiling/additional liability impact at 01 January	1,830	3,066
Interest on asset ceiling/additional liability	(2)	21
Changes in the asset ceiling/additional liability, excluding amounts recognised in net interest cost	12,195	(1,186)
Exchange differences	532	(71)
Discontinued asset ceiling/additional liability	(6,980)	0
Asset ceiling/additional liability impact at 31 December	**7,575**	**1,830**
Weighted average duration of the defined benefit obligation at 31 December	**12 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	3.40%	3.52%
% decrease in defined benefit obligation following a 0.25% increase in the discount rate	-3.32%	-3.32%
% decrease in defined benefit obligation following a 0.25% decrease in the inflation rate	-1.22%	-1.32%
% increase in defined benefit obligation following a 0.25% increase in the inflation rate	1.24%	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	2022
Estimated contributions for the coming year	
Expected employer contributions for defined benefit plans	8,871

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

The amount recognised as an expense for defined contribution plans in respect of continuing operations was EUR 2,589,396 (2020 restated: EUR 2,424,281).

2.4.2.5.14 Provisions

For the year ending 31 December 2021:

in thousand EUR

Group Recticel	Litigations	Defective products	Environmental risks	Restructuring	Provisions for onerous contracts and dilapidation costs	Other risks	Total
At the end of the preceding year	**25**	**1,382**	**2,358**	**1,367**	**1,838**	**13,608**	**20,577**
Movements during the year							
Changes in scope	0	619	0	1,724	522	75	2,940
Increases	0	454	0	2,777	241	2,450	5,921
Utilisations	0	(43)	(355)	(1,979)	(1,000)	(716)	(4,093)
Write-backs	0	(282)	(400)	(27)	(1,340)	(2,349)	(4,398)
Transfer from one heading to another	0	90	0	352	1,335	(1,340)	438
Transfer to liabilities held for sale	(25)	(1,279)	0	(1,079)	2	0	(2,380)
Adjustment for reassessment of assumptions on dismantling and restoration costs	0	0	0	0	5,693	0	5,693
Exchange rate differences	0	49	1	3	505	124	682
At year-end	**0**	**990**	**1,604**	**3,138**	**7,796**	**11,852**	**25,380**
Non-current provisions (more than one year)	0	990	1,396	0	7,796	11,813	21,995
Current provisions (less than one year)	0	(0)	208	3,138	0	39	3,385
TOTAL	**0**	**990**	**1,604**	**3,138**	**7,796**	**11,852**	**25,380**

Provisions for defective products are mainly related to warranties granted for products in the Insulation and Engineered Foams 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 0.4 million of this provision has been used in 2021 to cover clean-up costs on the site in Tertre.

Provisions for reorganisation relate to (i) the acquisition of FoamPartner (EUR 1.7 million) and (ii) the outstanding balance of expected expenses mainly relating to reorganisations in The Netherlands (EUR 2.4 million), Germany (EUR 0.1 million) and France (EUR 0.1 million).

Provisions for onerous contracts relate mainly to the buildings in the United Kingdom (EUR 7.3 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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Secured				
Lease liabilities	43,723	55,726	6,692	11,142
Bank loans	164,782	12,867	925	901
Total secured	**208,506**	**68,593**	**7,617**	**12,043**
Unsecured				
Other loans	0	1,834	0	260
Current bank loans	0	0	1	275
Commercial paper	0	0	49,992	0
Bank overdrafts	0	0	580	1,152
Other financial liabilities	0	0	873	673
Total unsecured	**0**	**1,834**	**51,447**	**2,360**
Total liabilities carried at amortised cost	**208,506**	**70,427**	**59,064**	**14,403**

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

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Drawn amounts under the various available interest-bearing borrowing facilities		
Outstanding amounts under club deal facility	152,840	0
Outstanding amounts under lease liabilities	43,723	55,726
Outstanding amounts under other non-current loans	11,943	14,701
Outstanding amounts under non-current gross interest-bearing borrowing facilities (a)	**208,506**	**70,427**
Outstanding amounts under bank overdrafts	580	1,152
Outstanding amounts under current bank loans	926	1,176
Outstanding amounts under lease liabilities	6,692	11,142
Outstanding amounts under factoring programs - retention amount	0	0
Outstanding amounts under commercial paper programs [1]	49,992	0
Outstanding amounts under other current loans	0	260
Outstanding amounts under other financial liabilities	873	673
Outstanding amounts under current gross interest-bearing borrowing facilities (b)	**59,064**	**14,403**
Total outstanding amounts under gross interest-bearing borrowings (c)=(a)+(b)	**267,570**	**84,830**
Outstanding amounts under non-recourse factoring programs (d)	25,162	0
Total outstanding amounts under gross interest-bearing borrowings and factoring programs (e)=(c)+(d)	**292,732**	**84,830**
Weighted average lifetime of non-current interest-bearing borrowings (in years)	**2.50**	**4.70**
Weighted average interest rate of gross financial debt at fixed interest rate	2.26%	2.24%
Interest rate range of gross financial debt at fixed interest rate	1.46% - 2.62%	1.46% - 2.62%
Weighted average interest rate of gross financial debt at variable interest rate	1.40%	2.02%
Interest rate range of gross financial debt at variable interest rate	0.60% - 3.70%	0.80% - 3.70%
Weighted average interest rate of total gross financial debt	**1.50%**	**2.24%**
Percentage of gross financial debt at fixed interest rate	**11.8%**	**100.00%**
Percentage of gross financial debt at variable interest rate	**88.2%**	**0.00%**

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 NV/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 (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:

- the lease financing of the Insulation plant in Bourges (France), with an outstanding amount of EUR 3.4 million as of 31 December 2021 and is at floating rate, hedged by interest rate swap (cfr 2.4.2.5.17);
- the lease financing buildings in Belgium, with an outstanding amount of EUR 2.0 million as of 31 December 2021 and is at a fixed rate;
- the additional lease to finance the extension of the Insulation plant in Wevelgem (Belgium) in 2017, with an outstanding amount of EUR 6.3 million as of 31 December 2021 and is at a fixed rate.

(ii) Bank loans – "syndicated credit facility"

On 04 December 2020 the Group entered into:

- a new EUR 100 million syndicated revolving credit facility to replace the EUR 175 million 'club deal' facility maturing in February 2021, and
- a EUR 205 million acquisition financing facility to finance the acquisition of FoamPartner, closed on 31 March 2021. The outstanding balance on 31 December 2021 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. The new EUR 100 million syndicated revolving credit facility has effectively replaced the existing EUR 175 million 'club deal' facility as of 01 February, 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 2021 is EUR 12.9 million.

(iv) Commercial paper program

In 2017, the Group started 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 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.
The commercial paper program has an outstanding amount of EUR 50 million on 31 December 2021.

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.

Other financial liabilities

For interest rate swaps reference is made to 2.4.2.5.17.

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Other financial debt	192	121
Interest accruals	368	330
Total	**560**	**451**

2.4.2.5.16 Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchases. Trade payables increased to EUR 120.2 million (2020: EUR 88.9 million) as a result of the higher activity level of the last quarter of 2021 and increased raw materials costs.

Other current amounts payable decreased by EUR 22.0 million is composed as follows:

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Other non current liabilities maturing within one year	0	158
VAT payable - local and foreign	9,431	10,231
Other tax payables	1,458	1,620
Payroll, social security	36,920	33,912
Dividend payable	482	444
Result transfer (fiscal unit)	0	2,964
Other debts	3,906	26,029
Accrued liabilities - operating	11,235	9,081
Deferred income - operating	2,289	3,242
Deferred income - insurance premium	725	725
Deferred income - gain on sale and leaseback	439	472
Total	**66,885**	**88,878**

The major movements are linked to the net impact of the Discontinued liabilities (Bedding) and the acquisition of FoamPartner; and also to the termination of existing reverse factoring programs with two suppliers.

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 2021	31 Dec 2020	Fair value level
Financial assets				
Transactional hedges - operational	**FVTPL**	**4**	**0**	**2**
Derivatives not designed in a hedge relationship	FVTPL	177	69	2
Current trade receivables	**AC**	**141,597**	**102,726**	**2**
Other non-current receivables	AC	1,620	6,334	2
Other receivables	AC	11,324	17,711	2
Other receivables	**AC**	**12,944**	**24,045**	**2**
Loans to affiliates	AC	10,207	10,207	2
Other loans	AC	1,380	1,568	2
Non-current loans	**AC**	**11,588**	**11,775**	**2**
Financial receivables	AC	4,365	40,150	2
Loans to affiliates	**AC**	**15,952**	**51,925**	**2**
Cash and cash equivalents	**AC**	**118,367**	**79,255**	**2**
Other investments	**FVTOCI**	**599**	**523**	**2**
Financial liabilities				
Interest rate swaps designated as cash flow hedge relationship	**CFH**	**36**	**95**	**2**
Transactional hedges - operational	**FVTPL**	**15**	**46**	**2**
Derivatives not designated in a hedge relationship	FVTPL	269	83	2
Non-current financial liabilities at amortised cost	**AC**	**208,506**	**70,427**	**2**
Current financial liabilities at amortised cost	**AC**	**58,744**	**14,180**	**2**
Trade payables	**AC**	**120,245**	**88,922**	**2**
Other non-current payables	AC	25	26	2
Other payables	AC	66,885	88,878	2
Other payables	**AC**	**66,911**	**88,903**	**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 2021, 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 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 2.5 years.

On 31 December 2021, the fair value of the interest rate swaps was estimated at EUR -0.01 million.

All financial leases (EUR 11.8 million, of which EUR 2.0 million relate to a sale & lease back in Belgium) and a bank loan of EUR 12.8 million are at fixed rate or hedged; whereas most other bank debt is contracted at floating rate.

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 2021 would have increased by EUR +0.05 million, comparable to 2020.

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 2021 would have decreased by EUR -0.0 million, compared to EUR -0.3 million in 2020.

- *Currency risk management*

It is the Group's policy to hedge foreign exchange exposures resulting from financial and operational activities via Recticel International Services NV/SA (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 59.1 million and with a total fair value of EUR -0.11 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Historical average variation	10%	10%	10%	10%	5%	5%	5%	5%	5%	5%	-	5%
Profit or (loss) recognized in the P&L account	517	393	(601)	(191)	(17)	2	1,815	(256)	757	(21)	-	1,240
Financial assets *	0	16,426	211	10,527	2,355	3,033	28,489	(692)	8,918	1,079	-	37,086
Financial liabilities *	(4,892)	(12,492)	(225)	(3,447)	(1,838)	(2,107)	(10,310)	(3,877)	(52)	(12)	-	(12,295)
Derivatives	10,065	0	(6,000)	(8,986)	(867)	(877)	18,123	(553)	6,279	(1,490)	-	0
Total net exposure	**5,174**	**3,934**	**(6,014)**	**(1,906)**	**(350)**	**49**	**36,303**	**(5,121)**	**15,145**	**(423)**	**-**	**24,791**

* *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.

- *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 includes as of February 01, 2021 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.

On 31 December 2021, a redemption of EUR 50 million was made to the banks, bringing the total outstanding amount of the acquisition facility to EUR 155 million.

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 103.6 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 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 impact on the measurement of these covenants. All conditions under the financial arrangements with its banks are respected.

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 2021 – to be paid in 2022 – proposed to the Annual General Meeting amounts to EUR 0.29 per share, leading to a total dividend pay-out of EUR 16.1 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 2021	31 Dec 2020
Unused amounts under non-current financing facilities		
Undrawn available commitments under the club deal facility[1]	50,000	175,000
Total available under non-current facilities	**50,000**	**175,000**
Unused amounts under current financing facilities		
Undrawn under current on-balance facilities	45,050	40,995
Undrawn under off-balance factoring programs	0	56,219
Total available under current facilities	**45,050**	**97,214**
Total unused amounts under financing facilities	**95,050**	**272,214**

1 The amount drawn under the commercial paper program is to be covered at any time by the undrawn amount under the syndicated credit facility. Therefor the reported unused amount as of 31 December 2021 of EUR 50 million under the EUR 100 million syndicated 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 2021:

in thousand EUR

Group Recticel	Maturing within 1 year	Maturing between 1 and 5 years	Maturing after 5 years	Total	Future financial changes	Carrying amount
	(a)	(b)	(c)	(a)+(b)+(c)		
Lease liabilities	12,917	26,556	16,315	55,789	(5,374)	50,415
Bank loans	1,766	160,664	8,862	171,292	(5,585)	165,707
Other loans	0	0	0	0	0	0
Interest-bearing borrowings	**14,683**	**187,220**	**25,178**	**227,082**	**(10,959)**	**216,123**
Other financial liabilities - Non-derivative						**51,163**
Other financial liabilities - Derivative						**284**
Total						**267,570**
Non-current financial liabilities						208,505
Current financial liabilities						59,064
Total						**267,569**

For the year ending 31 December 2020:

in thousand EUR

Group Recticel	Maturing within 1 year	Maturing between 1 and 5 years	Maturing after 5 years	Total	Future financial changes	Carrying amount
	(a)	(b)	(c)	(a)+(b)+(c)		
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**

Reference is also made to notes 2.4.2.1.5. (COVID), 2.4.2.1.6. (Brexit), 2.4.2.1.7. (Climate change) and 2.4.2.1.8. (Russia-Ukraine crisis).

2.4.2.5.18 Business combinations and disposals

In 2021, business combinations related to the acquisition of FoamPartner since 01 April 2022 (see note 2.4.2.4.8.).
In 2021, business disposals related to the Bedding activities which are in the process of being sold to Aquinos (see note 2.4.2.4.7.).
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 2021	31 Dec 2020
Hedging liabilities	**320**	223
Non-current financial liabilities	208,506	70,427
Current portion of non current financial liabilities	7,617	12,303
Current financial liabilities	50,567	1,547
Interest accruals	368	330
Gross financial debt	**267,378**	**84,830**
Cash and cash equivalents	(118,367)	(79,255)
Hedging assets	(180)	(69)
Net financial debt	**148,830**	**5,506**
Drawn amounts under off-balance non-recourse factoring programs	25,162	(810)
Total net financial debt	**173,993**	**4,697**
Total equity	**391,306**	**334,780**
Ratios		
Net financial debt / Total equity	38.0%	1.6%
Total net financial debt / Total equity	44.5%	1.4%

2.4.2.6 Miscellaneous

2.4.2.6.1 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.

Compared to the situation per 31 December 2020, most outstanding guarantees and/or comfort letters remained in place; save for some minor adjustments in some committed amounts.

During the year 2021, Recticel NV/SA issued the following material (> EUR 1 million) new additional guarantees and/or comfort letters:

For other associates: on behalf of Proseat Europe GMBH: EUR 6.75 million.

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	169,563	160,734

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 114.1 million), lessors (EUR 45.2 million), governmental institutions (EUR 3.8 million) and other third parties (EUR 6.5 million).

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

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 2021:

Issue	Number of warrants issued	Number of subscription rights outstanding	Exercise price in EUR	Exercise period	Fair value of subscription rights at moment of issue in EUR
April 2016	317,500	102,500	5.73	01 Jan 20 - 28 Apr 25	0.786
June 2017	410,000	240,000	7.00	01 Jan 21 - 29 Jun 24	0.928
April 2018	460,000	427,500	10.21	01 Jan 22 - 24 Apr 25	1.572
June 2019	500,000	465,000	7.90	01 Jan 23 - 27 Jun 26	1.181
March 2020	512,000	477,500	6.70	01 Jan 24 - 27 Jun 27	1.466
May 2021	475,000	475,000	12.44	01 Jan 25 - 11 May 28	2.290
Total	**2,674,500**	**2,187,500**			

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 1.1 million (2020: EUR 0.6 million).
The plan of May 2021 still needs to be approved by the Board of Directors and will be formalised by a notarial deed.

A more general overview showing the trend during 2021 is given below:

in units

in units	2021	2020
Total number of subscription rights outstanding per 31 December	2,187,500	1,933,000
Weighted average exercise price (in EUR)	8.87	7.70
Weighted average remaining contractual life (in years)	3.54	4.84
Movements in number of subscription rights		
Subscription rights outstanding at the beginning of the period	1,933,000	1,833,480
New subscription rights granted during the period	475,000	512,000
Subscription rights forfeited and expired during the period	0	(66,999)
Subscription rights exercised during the period	(220,500)	(345,481)
Subscription rights outstanding at the end of the period	2,187,500	1,933,000
Status of subscription rights outstanding		
Closing share price at end of period (in EUR)	17.52	10.72
Total number of subscription rights exercisable at the end of the period	342,500	185,500
Total number of subscription rights that are 'in-the-money' at the end of the period *	2,187,500	1,933,000
Total number of subscription rights that are exercisable and 'in-the-money' at the end of the period *	342,500	185,500

** 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 EUR

in units	2021	2020
Total number of subscription rights exercised	220,500	345,481
Weighted average exercise price	5.61	5.20
Period during which these subscription rights were exercised	31/3 - 23/12	28/5 - 23/12
Average closing price of period during which these subscription rights were exercised	14.85	8.84
Average daily closing price for full year	14.23	8.09

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: 1.83%), interest rate (Euribor 5 years: 0.00%) and volatility (stock market data on the Recticel share: 26.5%). For the issue of May 2021, the fair value amounted to EUR 2.29 per subscription right.

Overview of the outstanding subscription rights held by the members of the current Management Committee: (per 31 December 2021)

in thousand EUR

Issue[a]	Number of subscription rights held by the members of the current Management Committee
April 2016	95,000
June 2017	210,000
April 2018	280,000
June 2019	335,000
March 2020	335,000
May 2021	360,000
Total	**1,615,000**

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 2021 series:

in EUR

Name	Total number of subscription rights	Total theoretical value of subscription rights at issuance (*)
Olivier Chapelle	120,000	274,800
Ralf Becker	30,000	68,700
Betty Bogaert	30,000	68,700
François Desné	30,000	68,700
Jean-Pierre De Kesel	30,000	68,700
Jean-Pierre Mellen	30,000	68,700
Rob Nijskens	30,000	68,700
François Petit	30,000	68,700
Dirk Verbruggen	30,000	68,700
Total	**360,000**	**824,400**

(*) 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

Baltisse

On 02 March 2022, Recticel received a transparency notification dated 02 March 2022, informing that Baltisse NV, as a result of the acquisition of shares on 28 February 2022, owns 12,647,732 (22.6%) voting rights of the company. Baltisse thus crossed upwards the 20% shareholding threshold.

Acquisition Trimo

On 22 March 2022, Recticel announced that it has entered into final agreements with Central European private equity fund Innova Capital to acquire 100% of Trimo d.o.o. in cash for an enterprise value of EUR 164.3 million. This represents a 9.5x 2021A normalized EBITDA multiple. The transaction is subject to customary conditions precedent, including regulatory approvals.

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.

This acquisition will allow Recticel to:

- expand its insulation product portfolio into the adjacent and growing insulated panel market;
- accelerate its geographic expansion into the Central and South-Eastern European markets;
- increase its profit margin, as of the first full year of consolidation.

Financing is secured by the existing credit facilities, and ultimately by the proceeds from the disposals of the Bedding and Engineered Foams business lines, expected to close respectively at the end of 1Q2022 and around mid-2022.

Proseat

On 14 April 2022, Recticel exercised its put option under the agreement signed with Sekisui in February 2019. As a result, Sekisui will acquire the remaining 25% in Proseat till then held by Recticel and Recticel will no longer hold any shares in Proseat Group. The put option is exercised on the basis of a pre-agreed price calculation formula. As Proseat has been deeply impacted since 2020 by reduced demand following the COVID-crisis and the automotive semiconductor shortage on one hand, and substantial raw material price inflation on the other hand, the transfer of these remaining shares will have no material impact on Recticel's financials.

Disposal of Bedding activities

On 31 March 2022 Recticel successfully sold its Bedding activities to the Portuguese privately owned Aquinos Group (cfr 2.4.2.4.7 Discontinued operations).

Russia-Ukraine crisis

Reference is made to note 2.4.2.1.8.

2.4.2.6.4 Related party transactions

Transactions between Recticel NV/SA 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: 2021

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	24	0	0	0	47	0
Total Proseat companies	0	3,434	0	25	(0)	49,457	(88)
Total TEMDA2 companies	10,207	711	437	202	863	9,218	(1,297)
TOTAL	**10,208**	**4,169**	**437**	**227**	**863**	**58,722**	**(1,385)**

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)**

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	2021	2020
Director fees	150,000	142,500
Attendance fees Board of Directors	212,500	197,500
Attendance fees Audit Committee	50,000	42,000
Attendance fees Remuneration and Nomination Committee	25,000	43,750
Attendance fees Strategy Committee	105,000	0
TOTAL	**542,500**	**425,750**

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	2021	2020
Fixed remuneration	2,882,656	2,851,266
Variable remuneration	2,743,928	2,049,670
Pensions	217,540	336,427
Other benefits	185,766	0
Extraordinary items	0	139,686
TOTAL	**6,029,890**	**5,377,049**

2.4.2.6.6 Exchange rates

in EUR

Group Recticel		Closing rate		Average rate	
		2021	2020	2021	2020
Swiss Franc	CHF	0.9680	0.9258	0.9249	0.9341
Yuan Renminbi	CNY	0.1390	0.1246	0.1311	0.1270
Czech Crown	CZK	0.0402	0.0381	0.0390	0.0378
Euro	EUR	1.0000	1.0000	1.0000	1.0000
Pound Sterling	GBP	1.1901	1.1123	1.1633	1.1240
Indian Rupee	INR	0.0119	0.0112	0.0114	0.0118
Moroccan Dirham	MAD	0.0951	0.0914	0.0940	0.0922
Norwegian Krone	NOK	0.1001	0.0955	0.0984	0.0933
Polish Zloty	PLN	0.2175	0.2193	0.2190	0.2251
Romanian Leu	RON	0.2021	0.2054	0.2032	0.2067
Swedish Krona	SEK	0.0976	0.0997	0.0986	0.0954
Singapore Dollar	SGD	0.6545	0.6166	0.6293	0.6352
Turkish Lira	TRY	0.0656	0.1097	0.0951	0.1242
US Dollar	USD	0.8829	0.8149	0.8455	0.8755

2.4.2.6.7 Staff

in units

Group Recticel	31 Dec 2021	31 Dec 2020
Management Committee	**9**	10
Employees	1,632	2,427
Workers	2,115	2,725
Average number of people employed (full time equivalent) on a consolidated basis (i.e. excluding joint ventures)	**3,756**	**5,162**
Remuneration and social charges (in thousand EUR)	**212,458**	**221,907**
Average number of people employed in Belgium	934	1,001

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 ongoing divestment of the Bedding activities (1,589 employees) (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 PwC Bedrijfsrevisoren BV (in 2020: 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 2021	31 Dec 2020
Audit fees	1,037	757
Other audit services and legal missions	147	68
Tax services	75	5
Consulting services	7	0
Total fees	**1,266**	**830**

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 have been completed by the end of 2021. Further monitoring may be required over the coming years.

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 was 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. After further investigation and finetuning, the provision has been reduced to EUR 0.8 million at the end of 2021.

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 only one court procedure still on-going in Germany linked to Eurofoam. No additional new claims are to be expected as these have now all become time-barred.

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 this procedure 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. There has been no further development to date. A provision has been established.

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.

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 has been settled in the meantime.

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 contested the claim and it was finally discontinued.

Recticel signed a preliminary purchase agreement with the Gor-Stal shareholders to acquire Gor-Stal's insulation board business located in Bochnia, Poland, for an enterprise value of EUR 30 million. The sale required a prior carve-out of these activities into a new legal entity. Both parties cooperated well to finalise the due diligence and to realise this carve-out by July 2021, but then, the sellers came back to request a price adjustment, citing changed market conditions. Recticel requested more information before considering such a request, which was contrary to the agreement. The sellers did not provide such information and in October 2021, they informed Recticel that they did no longer want to continue the transaction. Recticel notified the sellers at the end of the year that they breached their obligations under the agreement and that Recticel would launch legal proceedings to enforce the preliminary agreement. These legal proceedings are launched in 2022.

As of 31 December 2021, total overall provisions and accruals for other litigations, environmental risk and other risks on Recticel Group level amounted to EUR 13.5 million in the consolidated financial statements. 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 of the continuing operations.

in thousand EUR

Group Recticel	2021	2020 restated
Income statement		
Sales	1,032,795	616,883
Gross profit	187,390	106,660
EBITDA	89,734	38,290
Operating profit (loss)	46,532	9,106
Operating profit (loss)	**46,532**	**9,106**
Amortisation intangible assets	4,790	1,543
Depreciation tangible assets	38,385	26,273
Amortisation deferred charges long term	0	0
Impairments on goodwill, intangible and tangible fixed assets	27	1,367
EBITDA	**89,734**	**38,290**
EBITDA	**89,734**	**38,290**
Restructuring charges	2,816	1,040
Other [1]	16,695	5,104
Adjusted EBITDA	**109,245**	**44,434**
[1] see note 2.4.2.3.1.		
Operating profit (loss)	**46,532**	**9,106**
Restructuring charges	2,816	1,040
Other	16,695	5,104
Impairments	27	1,367
Adjusted Operating Profit (Loss)	**66,070**	**16,617**

Total net financial debt	31 Dec 2021	31 Dec 2020 (as published)
Non-current financial liabilities	208,505	70,427
Current financial liabilities	59,064	14,403
Cash	(118,367)	(79,255)
Other financial assets [1]	(1,380)	(1,000)
Net financial debt on statement of financial position	**147,822**	**4,575**
Factoring programs	25,162	0
Total net financial debt	**172,984**	**4,575**
1 Hedging instruments and interest advances		
Gearing ratio (Net financial debt / Total equity)		
Total equity	391,306	334,780
Net financial debt on statement of financial position / Total equity	37.8%	1.4%
Total net financial debt / Total equity	44.2%	1.4%
Leverage ratio (Net financial debt / EBITDA)		
Net financial debt on statement of financial position / EBITDA	1.6	0.1
Total net financial debt / EBITDA	1.9	0.1
Net working capital		
Inventories and contracts in progress	112,897	90,833
Trade receivables	141,596	102,726
Other receivables	15,869	57,929
Income tax receivables	4,660	1,452
Trade payables	(120,247)	(88,923)
Current contract liabilities	(9,081)	(15,183)
Income tax payables	(4,466)	(1,045)
Other amounts payable	(66,885)	(88,878)
Net working capital	**74,343**	**58,911**
Current ratio (= Current assets / Current liabilities)		
Current assets	534,855	333,665
Current liabilities	359,814	210,030
Current ratio (factor)	**1.5**	**1.6**

2.4.3 Recticel NV/SA - General information

Recticel NV/SA

Address
Bourgetlaan - avenue du Bourget, 42
1130 Brussels
Belgium

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 vennootschap / société anonyme (limited company)

Recorded in the Brussels register of legal entities

Company number: 0405 666 668

Subscribed capital: EUR 139,908,550 (per 31 December 2021)

Type and number of shares: at 31 December 2021 there was only one type of shares, namely ordinary shares; total number of shares outstanding: 55,963,420

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 NV/SA 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 - Avenue du Bourget, 42
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 NV/SA

The statutory annual accounts of Recticel NV/SA, 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

The statutory statement of financial position and the statutory income statement for the period ended 31 December 2021 of Recticel NV/SA are given below in a condensed form.
The accounting principles used for the Statutory Financial Statements of Recticel NV/SA differ from the accounting principles used for the Consolidated Financial Statements: the Statutory Financial Statements follow the Belgian legal requirements, while the Consolidated Financial Statements follow the International Financial Reporting Standards.

in thousand EUR

Group Recticel		31 Dec 2021	31 Dec 2020
ASSETS			
FIXED ASSETS		**525,729**	**383,259**
I.	Formation expenses	0	0
II.	Intangible assets	20,148	27,068
III.	Tangible assets	52,711	59,910
IV.	Financial assets	452,871	296,281
CURRENT ASSETS		**80,883**	**95,127**
V.	Amounts receivable after one year	4,414	6,221
VI.	Inventories and contracts in progress	24,731	25,869
VII.	Amounts receivable within one year	49,365	59,952
VIII.	Cash investments	1,398	1,398
IX.	Cash	6	5
X.	Deferred charges and accrued income	968	1,682
TOTAL ASSETS		**606,613**	**478,386**
LIABILITIES			
I.	Capital	139,909	139,357
II.	Share premium account	132,087	131,267
III.	Revaluation surplus	2,551	2,551
IV.	Reserves	17,578	15,046
V.	Profits (losses) brought forward	99,659	52,133
VI.	Investment grants	0	0
VII.	A. Provisions for liabilities and charges	4,645	6,518
	B. Deferred taxes	0	0
VIII.	Amounts payable after one year	50,579	8,838
IX.	Amounts payable within one year	153,130	115,344
X.	Accrued charges and deferred income	6,474	7,332
TOTAL EQUITY AND LIABILITIES		**606,613**	**478,386**

in thousand EUR

Group Recticel		31 Dec 2021	31 Dec 2020
PROFIT AND LOSS ACCOUNT			
I.	**Operating revenues**	**392,326**	**323,804**
II.	Operating charges	(354,866)	(318,913)
III.	**Operating profit (loss)**	**37,460**	**4,892**
IV.	Financial income	53,817	5,591
V.	Financial charges	(24,215)	(14,723)
VI.	**Profit (loss) for the year before taxes**	**67,062**	**(4,240)**
VII.	Income taxes	(774)	(177)
VIII.	**Profit (loss) for the year after taxes**	**66,289**	**(4,417)**
IX.	Transfer to untaxed reserves	0	0
X.	**Profit (loss) for the period available for appropriation**	**66,289**	**(4,417)**

The management report of the Board to the Annual General Meeting of Shareholders and the Statutory Financial Statements of Recticel NV/SA, as well as the auditor's report, will be filed with the National Bank of Belgium within the statutory periods. These documents are available on www.recticel.com and can be requested free of charge. The statutory auditor's report is unqualified and certifies that the non-Consolidated Financial Statements of Recticel NV/SA for the year ended 31 December 2021 gives a true and fair view on the financial position and results of the company in accordance with all legal and regulatory dispositions. The statutory annual accounts of Recticel NV/SA 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		66,288,524.25
Profit/(Loss) brought forward from previous year	+	52,132,613.10
Profit/(Loss) to be added to legal reserves	-	2,532,517.81
Profit/(Loss) to be added to other reserves	-	0.00
Result to be appropriated	=	115,888,619.54
Gross dividend[1]	-	16,229,391.80
Profit to be carried forward	=	99,659,227.74

1 Gross dividend per share of EUR 0.29, resulting in a net dividend after tax of EUR 0.203 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 55% of the cost of sales of the Group's finished products (continuing operations and discontinued activities). 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

In 2021 the Group has been further developing products, such as Thermoflex® in its Business Line Engineered Foams 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 stakeholders is underestimated when making strategic 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 investment 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 88% 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. 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 18% 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)
In the preparation of the consolidated financial statements for the year ended 31 December 2021, management considered the current economic environment and the impact of COVID-19. Despite the negative impact on the performance and cash flows during 1H2021 on the Bedding division, Recticel maintains a solid financial and liquidity position and meets its financial covenants. As such, management concluded the company is able to continue as a going concern with no long-term impact from COVID-19

17. Climate change
The Group's operations are generally speaking not energy intensive. Consequently, Recticel's activities and products have a limited negative impact on the emission of greenhouse gases. Moreover, this is overcompensated by Recticel's Insulation activities, that produce high-performance thermal insulation boards which over their product lifetime substantially overcompensate any negative impact on climate change from the Group's operations. Going forward, Recticel will become an even more "green company" as its insulation products will reduce the impact of heating buildings; hence it positively mitigates impact on climate change.

18. Russia-Ukraine conflict
Currently Recticel has no local operations in Russia and Ukraine. Neither does Recticel export to Russia and Ukraine. Consequently, there is no direct impact observed nor to be expected.
However, it is not excluded that future operations and business are affected indirectly by the conflict. These indirect impacts may come from supply issues, an inflationary macro-economic environment, credit risks on customers and increasing financing costs. It is expected that these eventual impacts on operations and financial position should remain limited for the Group.

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 the responsible officers

We hereby certify that, to the best of our knowledge, the Consolidated Financial Statements as of 31 December 2021, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and with legal requirements applicable in Belgium, give 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, and that the management report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Mr Johnny Thijs (Chairman of the Board of Directors)

Mr Olivier Chapelle (Chief Executive Officer)

Mr Dirk Verbruggen (Chief Financial Officer)

2.4.7 Auditor’s report on the consolidated financial statements for the year ending 31 December 2021

Recticel NV/SA

Statutory auditor's report to the shareholders’ meeting on the consolidated financial statements for the year ended 31 December 2021

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF RECTICEL NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Recticel NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 25 May 2021, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2023. We have performed the statutory audit of the Company's consolidated accounts for 1 year.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated accounts, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR '000 1,055,739 and a result of the period after taxes – continuing and discontinued operations (share of the Group) of EUR '000 53,522.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory auditor's responsibilities for the audit of the consolidated accounts*" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

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

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

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BTW/TVA BE 0429.501.944 / RPR Brussel - RPM Bruxelles / ING BE43 3101 3811 9501 - BIC BBRUBEBB / BELFIUS BE92 0689 0408 8123 - BIC GKCC BEBB

Key audit matters

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

Discontinued operations Bedding activities - Note 2.4.2.4.7

Description of key audit matter

On 18 November 2021 Recticel entered into a binding agreement with Aquinos Group for the sale of its Bedding Activities. At the special shareholders meeting on 24 December 2021 all proposed resolutions regarding the sale of the Bedding business line to Acquinos were approved. The Sales and Purchase Agreement ("SPA") was signed on 28 December 2021. The business generated sales of EUR 208,6 million for the year ending 31 December 2021 and represents disposed net assets of EUR 65,1 million as of 31 December 2021. The transaction was expected to be closed during the first quarter of 2022. Based on these considerations, management determined the criteria of IFRS 5 were met and the activities should be presented as discontinued operations at 31 December 2021. We considered the accounting treatment in the financial statements of this event as a key audit matter taking into account:

- the size and complexity of the transaction including management's judgement applied to identify the discontinued assets, liabilities and operations partly carved out from legal companies active in other continuing activities at Recticel;
- the appropriate application of IFRS 5, in particular the classification in accordance with the requirements of IFRS and the measurement of the assets and liabilities at the lower of fair value less costs to sell or their carrying amounts.

The discontinued assets and liabilities, the consolidated income statement and the consolidated cash flows from discontinued operations are disclosed in Note 2.4.2.4.7 Discontinued operations of the consolidated accounts.

How our audit addressed the key audit matter

We read and reviewed the executed agreements, minutes of boards of directors and shareholders to evaluate and determine the appropriate treatment of the transaction in accordance with the requirements of IFRS 5. Moreover, we held meetings and performed inquiries with management to obtain an understanding of the disposal process as well as of the executed agreements.

We performed procedures to verify completeness and accuracy of the assets, liabilities and results presented as discontinued operations, including measurement in accordance with IFRS 5. Our procedures include but are not restricted to:

- reconciling the reclassified assets, liabilities and results to the business unit reporting available in the entity's financial reporting system;
- validating of assumptions taken on carved out assets, liabilities and net results as part of the discontinued operations from legal companies also active in other continuing activities at Recticel based on audit evidence obtained;
- reviewing and challenging management's estimate of the disposal gain;
- evaluating the adequacy of the disclosure (Note 2.4.2.4.7) of this disposal in the consolidated accounts.

Our findings

We agree with management's position that the IFRS 5 criteria were met as of 31 December 2021. We found the methodologies and the assumptions applied in respect of the reclassified assets, liabilities and results of the discontinued operations and the preliminary estimate of the disposal gain to be in line with our expectations and the SPA. We consider the disclosure on the discontinued operations as appropriate.

The acquisition of FoamPartner - Note 2.4.2.4.8

Description of key audit matter

The acquisition of FoamPartner Group was of most significance to our audit due to the size and significant judgments and assumptions involved in the purchase price allocation of CHF 270 million (EUR 250,3 million), mainly in relation to step ups on the valuation of property, plant, equipment and the recognition of intangible assets such as customer list, contracts and technology related intangible assets. As disclosed in Note 2.4.2.4.8 'Business Combinations' no goodwill or badwill was recognised.

How our audit addressed the key audit matter

With respect to the accounting for the FoamPartner's acquisition, we have, amongst others,

- read the share purchase agreement, confirming the correct accounting treatment has been applied and appropriate disclosure has been made;
- assessed the valuation and accounting for the consideration payable and traced payments to bank statements;
- tested the identification and valuation of the assets and liabilities Recticel acquired, including any GAAP and fair value adjustments;
- assessed and challenged the valuation assumptions used in the calculations such as discount rates amongst others based on external evidence. In doing so we have utilized valuation specialists to assist with the audit of the identification and valuation of the assets and liabilities acquired;
- we also assessed the adequacy of the disclosures in Note 2.4.2.4.8.

Our findings

We found the methodologies and the assumptions applied to be in line with our expectations, and the acquisition accounting and related disclosure in line with the share purchase agreement.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to 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 realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 board of directors' use of the going concern basis of accounting 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 accounts 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 accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or 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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report on the consolidated accounts. The Company has prepared the non-financial information, based on the reference framework Global Reporting Initiative (GRI) Standards. However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the Global Reporting Initiative (GRI) Standards as disclosed in the directors' report on the consolidated accounts.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.

- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

European Uniform Electronic Format ("ESEF")

In accordance with the standard on the draft verification of the compliance of the financial statements with the European Uniform Electronic Format (hereinafter "ESEF"), we must verify whether the ESEF format is in accordance with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter "digital consolidated financial statements") included in the annual financial report.

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

The digital consolidated financial statements have not yet been submitted to us at the date of this report.

If, in our audit of the digital consolidated financial statements, we determine that there is a material misstatement, we will be required to report the matter to the board of directors and request the latter to make any necessary changes. If this does not happen, we will be forced to adjust this report due to the fact that the format of and the marking of information in the digital consolidated financial statements included in the annual financial statements report of Recticel NV conform in all material respects with the ESEF requirements under the Delegated Regulation.

Other statements

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Diegem, 28 April 2022

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

Marc Daelman
Réviseur d'Entreprises / Bedrijfsrevisor

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 joint ventures and associates are integrated on the basis of the equity method.

- *Alternative Performance Measures*

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

Adjusted EBITDA: EBITDA before Adjustments (to Operating Profit)

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

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

Current ratio: Current assets / Current liabilities

EBITDA: Operating profit (loss) + depreciation, amortisation and impairment on assets; all of 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 Ascorium (formerly Automotive Interiors)

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

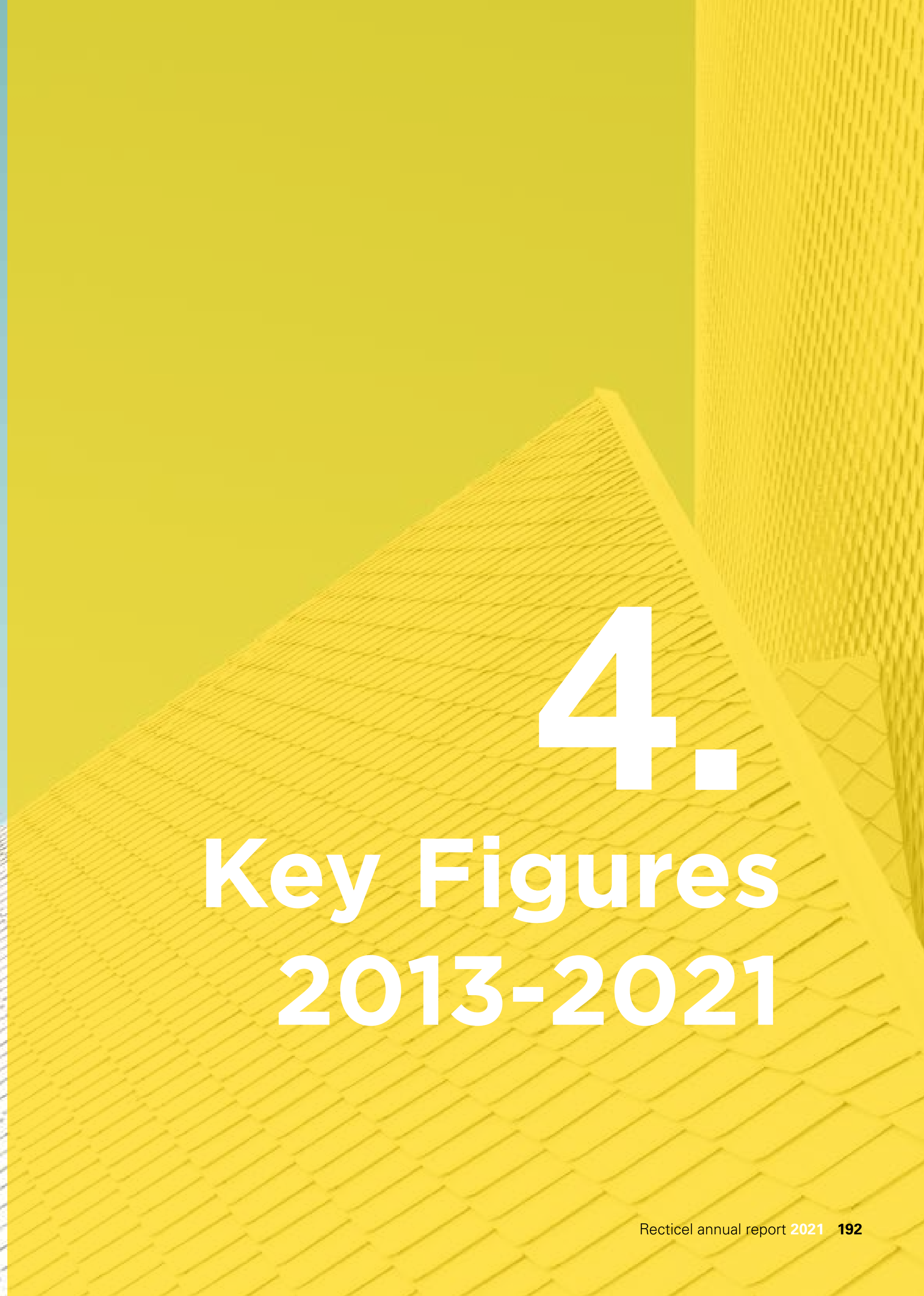
Net free cash-flow: the sum of the (i) Net cash flow after tax from operating activities, (ii) the Net cash flow from investing activities, (iii) the Interest paid on financial liabilities and (iv) reimbursement of lease liabilities; as shown in the consolidated cash flow statement.

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

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

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

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



4. Key Figures 2013-2021

Key figures 2013 - 2021

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
ASSETS									
Intangible assets	34,945	14,806	14,306	12,045	12,323	12,104	13,411	12,384	11,954
Goodwill	13,721	24,139	24,412	23,354	24,169	25,073	25,888	24,949	24,610
Property, plant & equipment	313,406	173,000	227,617	232,541	226,783	216,207	209,681	202,733	204,614
Right-of-use assets	62,603	75,377	105,110	0	0	0	0	0	0
Investment property	7,564	3,331	3,331	3,289	3,331	3,331	3,331	3,306	3,330
Investments in joint ventures and associates	12,709	12,351	65,465	68,631	76,241	82,389	73,196	73,644	72,507
Financial investments	10,361	11,030	580	63	64	71	30	160	161
Available for sale investments	0	0	0	728	603	410	1,015	771	275
Non-current contract assets	**0**	**0**	**11,138**	**15,655**	**0**	**0**	**0**	**0**	**0**
Non-current receivables	18,730	25,760	25,802	15,326	14,804	13,860	13,595	13,373	10,973
Deferred tax	46,845	25,298	24,108	20,468	26,241	37,820	43,272	46,834	48,929
Non-current assets	520,884	365,092	501,869	392,099	384,559	391,265	383,419	378,154	377,353
Inventories and contracts in progress	112,897	90,833	101,797	103,789	99,408	91,900	93,169	96,634	94,027
Trade receivables	141,596	102,726	99,117	107,680	110,935	101,506	83,407	78,109	64,516
Current contract assets	0	0	11,300	13,782	0	0	0	0	0
Other receivables and other financial assets	15,869	57,929	32,667	55,227	73,373	69,561	55,327	49,597	46,358
Income tax receivables	4,660	1,452	1,448	5,587	1,350	1,441	2,061	504	3,851
Available for sale investments	0	170	154	138	123	107	91	75	60
Cash and cash equivalents	118,367	79,255	48,479	37,733	57,844	37,174	55,967	26,163	26,237
Discontinued assets	141,466	1,300	5,638	19,201	2,570	0	3,209	8,569	0
Current assets	**534,855**	**333,665**	**300,600**	**343,137**	**345,603**	**301,689**	**293,231**	**259,651**	**235,049**
Total assets	**1,055,739**	**698,757**	**802,469**	**735,236**	**730,162**	**692,954**	**676,650**	**637,805**	**612,402**

in thousand EUR

Group Recticel	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
LIABILITIES									
Capital	*139,909*	139,357	138,494	138,068	136,941	135,156	134,329	74,161	72,368
Share premium	132,087	131,267	130,334	129,941	127,982	126,071	125,688	108,568	107,042
Share capital	**271,996**	**270,624**	**268,828**	**268,009**	**264,923**	**261,227**	**260,017**	**182,729**	**179,410**
Treasury shares	(1,450)	(1,450)	(1,450)	(1,450)	(1,450)	(1,450)	(1,450)	(1,735)	(1,735)
Retained earnings	*116,1*39	76,273	25,606	20,422	18,235	7,425	2,582	1,768	27,364
Hedging and translation reserves	(4,270)	(11,372)	(18,288)	(22,003)	(19,922)	(15,997)	(12,189)	(16,599)	(18,279)
Elements of comprehensive income of discontinued operations	7,367	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Equity before non-controlling interests	**389,782**	**334,075**	**274,696**	**264,978**	**261,786**	**251,205**	**248,960**	**166,163**	**186,760**
Non-controlling interests	1,524	705	701	0	0	0	0	0	0
Total equity	**391,306**	**334,780**	**275,397**	**264,978**	**261,786**	**251,205**	**248,960**	**166,163**	**186,760**
Employee benefit liabilities	39,135	52,342	57,860	48,055	54,295	50,979	49,581	54,548	44,557
Provisions	21,993	18,979	6,905	13,775	14,266	13,208	11,505	7,301	8,149
Deferred tax	*36,229*	12,173	10,023	9,650	9,113	10,116	9,505	8,907	8,203
Non-current financial liabilities	*208,505*	70,426	100,334	34,706	96,080	97,049	40,363	142,135	98,834
Other amounts payable	25	26	43	202	230	183	226	6,810	444
Non-current contract liabilities	*0*	0	20,339	24,096	0	0	0	0	0
Non-current liabilities	**305,887**	**153,946**	**195,504**	**130,484**	**173,984**	**171,535**	**111,180**	**219,701**	**160,187**
Employee benefit liabilities	0	0	0	4,720	3,978	4,168	2,370	2,205	1,809
Provisions	3,386	1,598	5,759	3,116	1,155	1,780	4,566	4,687	6,732
Current financial liabilities	59,064	14,403	117,415	88,200	48,988	50,147	114,675	52,798	66,181
Trade payables	120,247	88,923	93,008	90,756	126,584	102,929	94,276	96,373	81,720
Current contract liabilities	9,081	15,183	32,832	44,964	0	0	0	0	0
Income tax payables	4,466	1,045	1,229	3,061	2,411	2,291	2,463	414	3,086
Deferred payables for share investments	*18,749*	*0*	*0*	*0*	*0*	0	0	0	0
Other amounts payable	*66,885*	88,879	81,325	104,957	111,276	108,899	98,160	95,464	105,927
Discontinued liabilities	76,668	0	0	0	0	0	0	0	0
Current liabilities	**358,546**	**210,031**	**331,568**	**339,774**	**294,392**	**270,214**	**316,510**	**251,941**	**265,455**
Total liabilities	**1,055,739**	**698,757**	**802,469**	**735,236**	**730,162**	**692,954**	**676,650**	**637,805**	**612,402**

in thousand EUR

Group Recticel	2021	2020	2019	2018	2017	2016	2015	2014	2013
INCOME STATEMENT (as published)									
Sales	1,032,795	828,792	1,038,517	1,117,652	1,135,353	1,048,323	1,033,762	983,367	976,763
Cost of sales	(845,405)	(671,762)	(847,460)	(916,029)	(951,818)	(847,215)	(839,321)	(811,160)	(809,850)
Gross profit	**187,390**	**157,030**	**191,057**	**201,623**	**183,535**	**201,108**	**194,441**	**172,207**	**166,913**
General and administrative expenses	(66,733)	(57,949)	(73,561)	(70,562)	(78,426)	(79,395)	(76,723)	(72,299)	(74,397)
Sales and marketing expenses	(44,892)	(60,624)	(72,743)	(72,593)	(69,537)	(72,031)	(77,123)	(73,257)	(64,532)
Research and development expenses	(9,186)	(9,281)	(11,599)	(11,042)	(13,724)	(12,890)	(12,537)	(13,277)	(14,177)
Impairments	(27)	(2,440)	(1,821)	(5,819)	(7,009)	(1,672)	(983)	(688)	(3,365)
Other operating result	(20,391)	(13,589)	(3,456)	(8,830)	27,632	(12,828)	(10,714)	(12,869)	(31,766)
Income from joint ventures and associates	371	703	9,271	10,170	2,390	16,927	6,874	8,966	439
Operating profit (loss)	**46,532**	**13,850**	**37,148**	**42,947**	**44,861**	**39,219**	**23,235**	**8,783**	**(20,885)**
Interest income and expenses	(5,773)	(3,420)	(6,986)	(3,272)	(6,460)	(8,095)	(9,554)	(10,031)	(9,405)
Other financial income and expenses	1,235	(1,724)	(1,241)	(614)	1,718	(3,633)	(2,968)	(2,799)	(1,940)
Financial result	**(4,538)**	**(5,144)**	**(8,227)**	**(3,886)**	**(4,742)**	**(11,728)**	**(12,522)**	**(12,830)**	**(11,345)**
Results of other associates	(6,864)	(10,212)	0	0	0	0	0	0	0
Result of the period before taxes	**35,130**	**(1,506)**	**28,921**	**39,061**	**40,119**	**27,491**	**10,713**	**(4,047)**	**(32,230)**
Income taxes	14,335	(4,025)	(4,203)	(10,212)	(16,206)	(11,161)	(6,170)	(5,702)	(3,908)
Result of the period after taxes - continuing operations	**49,465**	**(5,531)**	**24,718**	**28,849**	**23,913**	**16,330**	**4,543**	**(9,749)**	**(36,138)**
Result of the period after taxes - discontinued operations	4,876	68,686	0	0	0	0	0	0	0
Result of the period after taxes - continuing and discontinued operations	**54,341**	**63,155**	**24,718**	**28,849**	**23,913**	**16,330**	**4,543**	**(9,749)**	**(36,138)**
of which share of minority interests	*819*	*4*	*(44)*	*0*	*0*	*0*	*0*	*0*	*0*
of which share of the Group	*53,522*	*63,151*	*24,762*	*28,849*	*23,913*	*16,330*	*4,543*	*(9,749)*	*(36,138)*

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