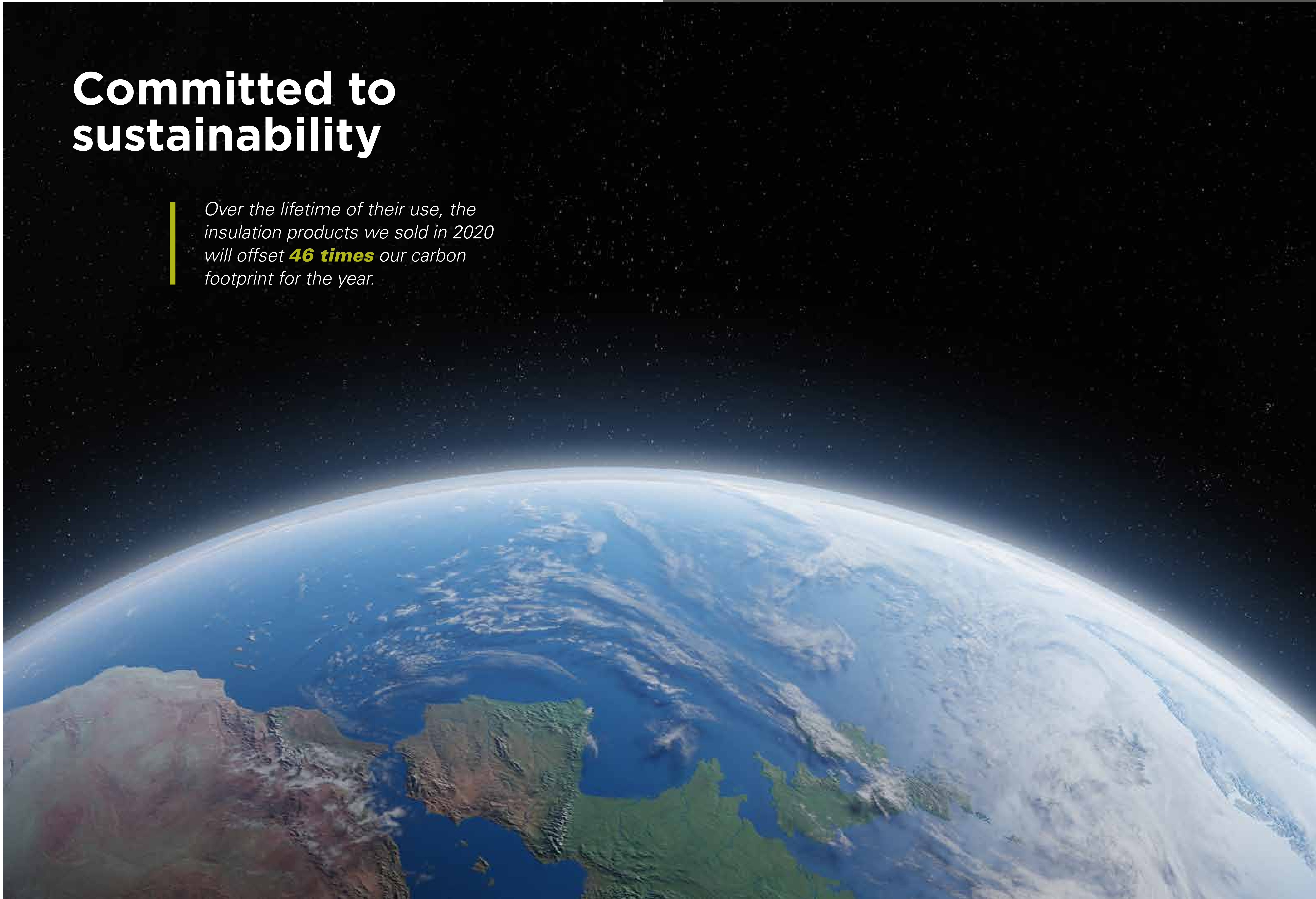
RECTICEL
The passion for comfort

Transforming the future

2020
annual report

Committed to sustainability

Over the lifetime of their use, the insulation products we sold in 2020 will offset ***46 times*** *our carbon footprint for the year.*



Sustainable Innovation Plan (2025 objectives)

CLIMATE ACTION PLAN

CLIMATE-POSITIVE MULTIPLE	RECTICEL CARBON FOOTPRINT	CARBON INTENSITY
75	**-40%**	**-25%**
(ratio between avoided emissions and carbon footprint over the complete value chain)	in 2030 (scope 1, 2, 3 in tonnes CO_2e vs 2013, target in line with EU Green Deal -55% vs 1990)	(scope 1, 2 in tonnes of CO_2e/million EUR revenue vs 2020 (50 tonnes))

TRANSITION TO A CIRCULAR ECONOMY

5,000 TONNES

of post-consumer polyurethane foam from recycled mattresses

10%

production with lower CO_2e raw material in % of total raw material consumption

2023: successful completion of the

PUReSmart

project, a breakthrough in chemical recycling of flexible polyurethane foam

INNOVATION FOR SOCIETAL NEEDS

80%

OF R&D PROJECTS CLASSIFIED AS SUSTAINABLE

≥3

SUSTAINABLE R&D PROJECTS BROUGHT TO MARKET EACH YEAR

People Priority Plan (2025 objectives)

SUSTAINABLE PARTNERSHIPS

WE COMMIT TO

- reporting on % suppliers compliant with the Recticel Supplier Sustainability Requirements and audited based on risk assessment
- reinforcing R&D partnerships with customers, knowledge institutes, universities and strategic suppliers on sustainable development
- continuation and expansion of long-term partnerships for social projects

LOWER HS&E IMPACT OF OUR ACTIVITIES AND PRODUCTS

FREQUENCY 1

LOST TIME ACCIDENTS

[Lost Time Accidents representing the average on Group level for all our plants]

≤2

FREQUENCY 2

LOST TIME ACCIDENTS + RESTRICTED WORK CASES + MEDICAL TREATMENT CASES

≤5

WE COMMIT TO

the pursuit of zero chemical hazard impact of our activities and products

AN INSPIRING AND REWARDING PLACE TO WORK

25%

gender diversity in senior management by **2030**

WE COMMIT TO

- maximising e-learning for our employees
- implementation in 2022 of a personal sustainability objective for senior managers connected to the Sustainability Strategy
- follow-up and reporting on well-being scores through annual Employee Performance Management Discussion (EPMD)
- progress reporting on workforce engagement

A message from the Chairman of the Board of Directors and the Chief Executive Officer

Johnny Thijs
Chairman of the Board of Directors

Olivier Chapelle
Chief Executive Officer

Brussels, April 30th, 2021

Dear Employee,
Dear Customer,
Dear Shareholder,
Dear Reader,

Despite a business environment dominated by the COVID-19 pandemic outbreak and the subsequent chemical raw material supply shortage, 2020 was the year in which the transformation of our Group materialised.

Its favourable market positioning meant that our Group performed well in these adverse circumstances. Its strong financial position at the end of 2019 allowed us to seize highly complementary strategic acquisition opportunities.

The transformation of Recticel has led to a renewed and ambitious Sustainability Strategy, with a new set of aggressive objectives for the 2025 horizon.

Over the last 24 months, Recticel has dramatically transformed its business portfolio through five major strategic transactions. The process started in February 2019 with the closing of the two-step divestment of our 51% participation in Proseat to Sekisui Plastics Co. This was followed in June 2020 by the closing of the two-step divestment of our Automotive Interiors division to the German firm Admetos. In mid-2019, it emerged that the Swiss conglomerate Conzzeta wanted to divest its FoamPartner division, a business highly complementary and appealing to Recticel. We therefore decided to approach Greiner AG, our partner in the Eurofoam joint venture, with the aim of divesting our 50% participation. This was a necessary and mandatory step in order to secure the acquisition of FoamPartner, both from a competition authorities standpoint and a financial point of view. In June 2020 we closed the divestment of our 50% participation in Eurofoam, and in March 2021 we successfully closed the acquisition of FoamPartner, leading to the birth to our Engineered Foams business line. In the same month, we signed the acquisition of Gór-Stal, an insulation board provider ideally positioned in Poland to complement our building insulation activities.

This broad strategic overhaul, and the decision to focus the development of our Group on Insulation and Engineered Foams, led to the decision to divest our Bedding business line. The aim is to sign a deal by the end of 2021. The future of Recticel will be based upon two strong pillars providing high value-added solutions and very well positioned in growing markets. Moreover, they will provide a natural hedge for the future: Engineered Foams being a global player in speciality/niche industrial markets, while Insulation is essentially a European player in construction markets. We aim to use the proceeds from the divestment of the Bedding business line to accelerate the growth of our two pillars, both organically and through M&A.

In 2020, when the COVID-19 pandemic broke out, our primary concern was for the health and safety of our employees. In that context, every precautionary measure was taken to eliminate the risk of as far as possible. After protecting our employees, the next priority was to protect our Group: the impact of lockdowns on many economies led us to significantly curtail production output, temporarily shut down production sites, and swiftly implement a broad range of cost-saving measures. The reactivity, collaborative spirit, transparency and agility displayed by our global teams have enabled us to minimise the impact of the pandemic on our Group. As a result, after a substantial 17.5% reduction in our sales during the first half of the year, we recovered strongly in the second half of 2020 with a sales increase of 7.0% and an adjusted EBITDA increase of 10.0%. The pandemic has also affected our raw material suppliers, which have not been in a position to respond to post-lockdown increases in demand, leading to a raw material supply shortage. This situation has not yet been resolved and is being used by our suppliers to increase prices at unprecedented pace and levels.

Our commercial teams have confirmed their ability and commitment to passing these increases through to customers with limited lead times. As a consequence of the strategic and business circumstances in 2020, Recticel had no debt left at the end of the year, and with after-tax earnings of €63.2m, supported by the profit made on the divestments, the Board of Directors proposes increasing the dividend to €0.26 per share.

Having completed our 2015-2020 Sustainable Development journey with important and decisive successes, we defined our new ambitions in 2020, with the aim of contributing to a more sustainable world by 2025. These are articulated around the following four themes, which are further detailed in this Annual Report along with KPI's, targets and timelines:

- Already a "green" company, mainly due to the positive impact of our Insulation activities, we intend to substantially increase our positive contributions.
- In addition, we aim to further decrease our carbon footprint.
- Having first successfully defined and proven solutions for the circularity of our business propositions, we now want to scale up fast, and enable a second life for end-of-life products.
- Last but not least, we are committed to increasing the well-being and engagement of all our employees.

With regard to 2021, and after a strong first quarter, the focus is now on the successful integration of FoamPartner and Gór-Stal and the divestment of Bedding, in order to start 2022 with a highly efficient operating model.

In this incredibly intense period of development for our Group, we want to express our gratitude to our employees for their contribution in 2020 and their resilience during the COVID-19 crisis. Likewise, we thank our customers for their constructive cooperation in these volatile times, and for their business and forward-looking partnership. We also extend sincere thanks to our shareholders for their continued trust, support, and precious insights. We will strive to continue to deliver enhanced shareholder value in 2021.

Olivier Chapelle
Chief Executive Officer

Johnny Thijs
Chairman of the Board of Directors

Highlights of 2020 and early 2021

January 2020

Bedding – imm Cologne trade fair

Recticel had a strong presence at the 2020 edition of the renowned imm Cologne international furniture fair in Germany. Our two booths – Schlaraffia® and Swissflex® – presented a range of new bedding products. The fair was also a perfect showcase for our sustainable approach to bedding products, including several eco-designed concept products.

Schlaraffia® celebrated its 111th anniversary at imm Cologne 2020 furniture fair, showcasing some of its innovative and sustainable solutions with the theme: "Better sleeping for a better life – for 111 years".

Bedding – Lattoflex®

The Lattoflex® Geltex Wellness mattress was awarded Mattress of the Year by Voted Product of the Year Worldwide in collaboration with Nielsen research company. This annual competition involves an online survey with 5,000 consumers and a user test with 120 consumers across Belgium.

Corporate – Electricity Sustainability Roadmap (ESR 2020-2025)

Recticel introduced its Electricity Sustainability Roadmap, an ambitious action plan to reduce CO_2 impact related to electricity usage by 75% by 2025. This target will be reached by following three paths in parallel:

1) Build up and implement an energy saving plan at each plant
2) Develop smart efficient lighting
3) Selectively implement solar panel and windmill projects to generate green electricity

March 2020

Insulation – fibre bonded foams

The Recticel Silence collection was developed to meet the growing demand for acoustic insulation in homes. The insulating panels are manufactured from 70% recycled polyurethane foam, limiting the use of new natural resources and thus environmental impact. In the first year since the collection was launched, 1,059 tonnes of PU foam were recycled.

The Recticel Silence collection was recently awarded the first Prix Journal de la Maison 2021 (France) in the 'Interior design and comfort' category, for its innovative and sustainable qualities.

April 2020

Corporate – international headquarters

In order to improve working conditions, the Group decided to move its international headquarters to a new location that better suits the needs of the streamlined organisation.

Bourgetlaan 42 Avenue du Bourget
1130 Brussels, Belgium

Automotive Interiors – divestment

Recticel announced that it had entered into a binding agreement to bring its Automotive Interiors business into a new joint venture under the control of Munich-based privately owned investment company Admetos GmbH. Under the terms of the agreement, the Automotive Interiors business was transferred to a new joint venture holding company controlled by Admetos which now owns 51% of its shares, with Recticel retaining the other 49%. The deal was closed on 30 June 2020. Since April 2021, the joint venture has been called ASCORIUM Industries.

ascorium INDUSTRIES

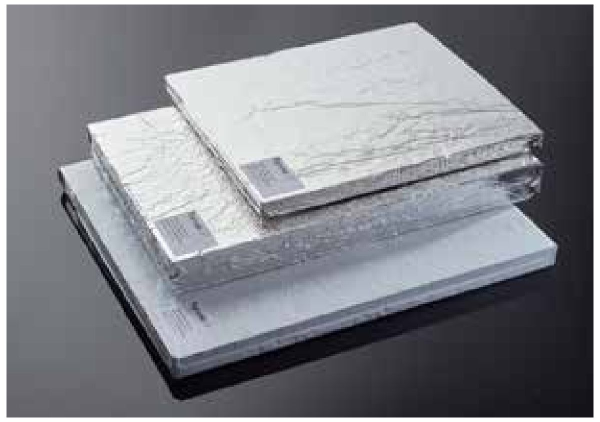
Flexible Foams – Eurofoam

Recticel announced that it had reached a binding agreement with Greiner AG to divest its 50% participation in the Eurofoam joint venture. The transaction was closed on 30 June 2020. The divestment of the Proseat activities in 2019, the divestment of Automotive Interiors and the closing of the Eurofoam deal would enable Recticel to fundamentally refocus on its higher value-added activities while providing greater flexibility to pursue strategic development opportunities.

September 2020

Insulation – TURVAC

Recticel began producing insulated boxes for the transport of COVID-19 vaccines. In combination with coolants, these high-performance vacuum insulation panel (VIP) boxes help to secure temperatures as low as -70°C, a critical condition for safe delivery of many of these temperature-sensitive vaccines. This ongoing programme means that Recticel Insulation – through its Slovenian JV partner TURVAC – is, and will continue to be, an important link in COVID vaccine logistics around the world.



November 2020

Flexible Foams – FoamPartner acquisition

Recticel announced that it had entered into final agreements with Swiss-listed Conzzeta AG to acquire 100% of FoamPartner. As a global provider of high value-added technical foam solutions in the Mobility, Industrial Specialties and Living & Care markets, FoamPartner offers significant complementarity and synergy upside with Recticel.

The transaction was closed on 31 March 2021, after which the FoamPartner business was merged with the Recticel Flexible Foams business line to form the new Recticel Engineered Foams business line.

January 2021

Insulation – fighting COVID-19

The Recticel Insulation business line, through its TURVAC joint venture, won a significant contract with two major international pharmaceutical companies for the delivery of VIP material needed to transport and store COVID-19 vaccines.

Flexible Foams – Silent Tyre

Tyre cavity noise is caused by excitation of air inside the tyre as a result of its interaction with the road surface. The noise is transmitted through the wheel assembly and the vehicle structure into the cabin. Recticel's Silent Tyre foam decreases cabin noise and controls tyre temperature without impacting overall tyre performance. It is now being used by three major Tyre manufacturers for comfortable driving in EVs and hybrids.

February 2021

Bedding – Strategy

Following a strategic review, the Board of Directors decided to divest the Bedding business in order to focus on its core Engineered Foams and Insulation business lines.

The divestment will provide an opportunity for the segment to unlock its full potential under the ownership of a dedicated shareholder.

J.P. Morgan has been retained to advise Recticel on the divestment.

Renewed Sustainability Strategy 2021 - 2025

The Board of Directors approved the renewed Sustainability Strategy for 2021-2025 based on its Sustainable Innovation Plan and People Priority Plan, each with clear KPIs and commitments.

March 2021

Insulation – acquisition of Gór-Stal thermal insulation board business

Recticel announced that it had entered into preliminary agreements with the owners of the private Polish company Gór-Stal to acquire its thermal polyisocyanurate-based (PIR) insulation board business. Gór-Stal's plant in Bochnia focuses on the production of high value-added PIR thermal insulation boards for the construction sector. The transaction is expected to be closed by July 2021.

PUReSmart – major milestone achieved

Recticel coordinates the ground-breaking PUReSmart chemical recycling project, funded by the European Union's Horizon 2020 Innovation and Research programme. On 25 March 2021, PUReSmart project partner Covestro announced the commissioning of a new chemical recycling plant, confirming positive laboratory results achieved to date.

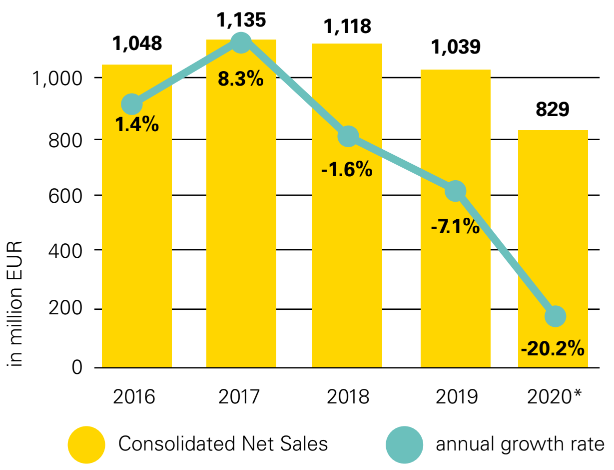
April 2021

Bedding – myNap® box

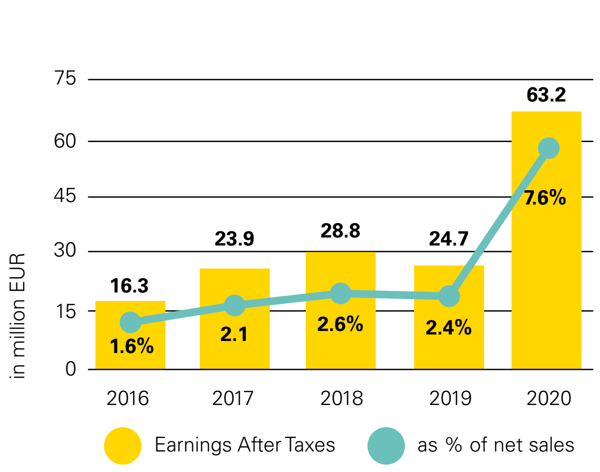
In 3Q2021 Recticel will launch an exciting new box spring product, the myNap® box. The aim is to make modern, branded sleeping systems accessible to more people without compromising on quality or looks. Uncomplicated yet highly innovative, this product features strongly engineered mattresses (which eliminate the need for an extra topper mattress) and sustainability benefits.

2020 Financial results

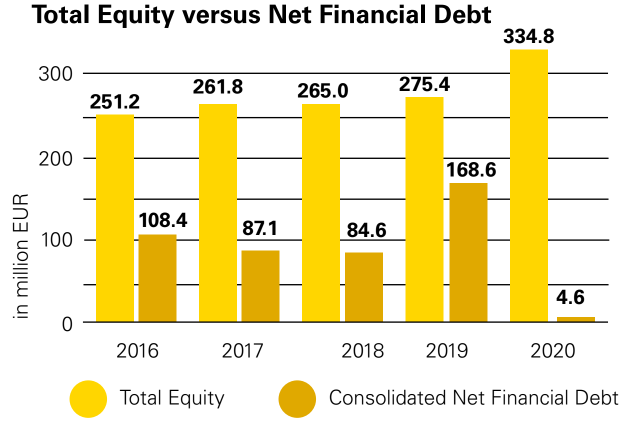
Consolidated Net Sales



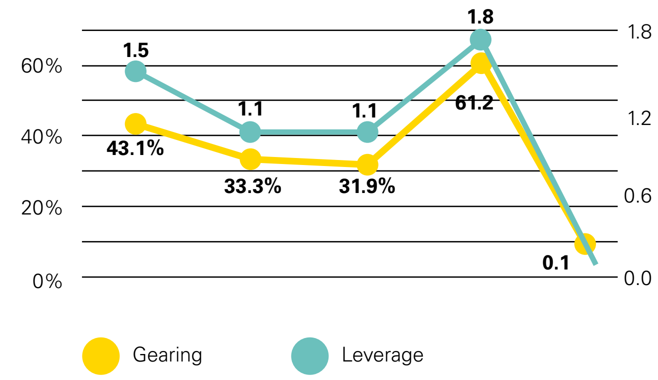
Earnings After Taxes



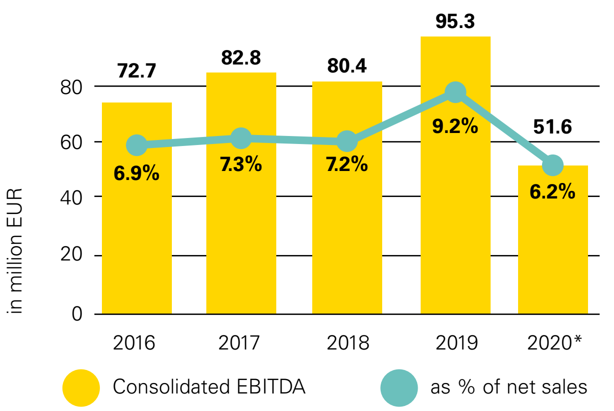
Total Equity versus Net Financial Debt



Gearing and Leverage Ratio

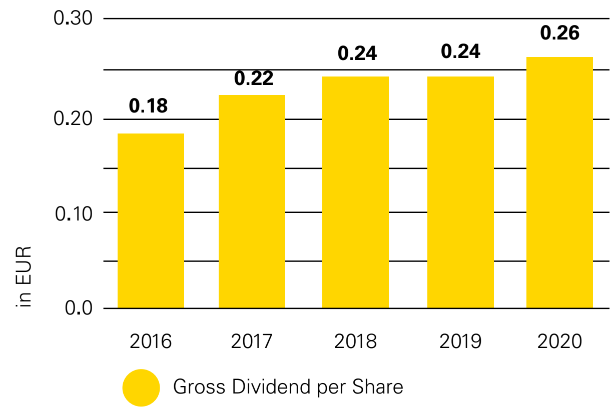


Consolidated EBITDA

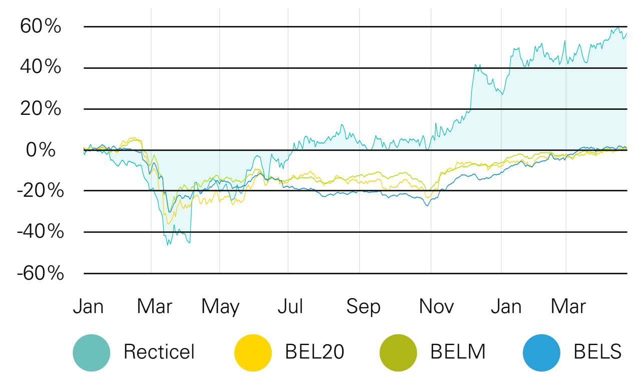


*Following the partial divestment from Automotive Interiors on 30 June 2020, Automotive Interiors is integrated in the 2020 consolidated accounts according to the 'equity method'.

Gross Dividend per Share



Share Price Evolution vs BEL20, BEL Mid, BEL Small (period 01.01.2020-20.04.2021)



2020 Sustainability results

Sustainable results according to GRI standards, audited and certified by pwc

INNOVATION FOR SOCIETAL NEEDS

58%

of R&D projects classified as sustainable **(2020 target: 80%)**

RESOURCE EFFICIENCY

-34%

tonnes of recycled flexible foams by Recticel as % compared to 2015 **(target: 100%)**

REDUCED HS&E IMPACT OF OUR ACTIVITIES

5.3

Frequency Lost Time Accidents [Lost Time Accidents representing the average on Group level for all our plants] **(2020 target: ≤ 3)**

OPTIMISING CARBON FOOTPRINT

RECTICEL IMPACT RATIO **46**

(ratio between avoided CO_2 emissions and carbon footprint over the complete value chain) **(2020 target: 30)**

-18%

Recticel Carbon Footprint Indicator **(in tonnes CO2e vs 2013, 2020 target: -25%)**

BUSINESS ETHICS AND INTEGRITY

2,866

legal training courses (physical and e-learning) completed **(2020 target: 5% increase per year, cumulative, compared to 460 in 2015)**

AN INSPIRING AND REWARDING PLACE TO WORK

Target: engagement surveys conducted in 2 new countries each year

2015	2016	2017	2018	2019	2020
BELGIUM	BELGIUM UK SPAIN	POLAND ROMANIA	SWEDEN NORWAY	BELGIUM UK + SPAIN FRANCE NETHERLANDS	NOT ORGANISED DUE TO COVID-19 IMPACT

About this report

In this report we present financial and non-financial information relating to the Recticel Group for 2020 and early 2021.

The 2020 annual report is structured to emphasise the Group's renewed commitment to positive transformation with sustainability at its core. Our 2019 report, entitled "Shaping the Future", signalled the beginning of a new strategic direction as our plan for in-depth transformation was initiated. At the same time, Recticel took further significant steps towards its goal of leading the transition to a circular economy and a low-carbon society.

In 2020, despite the challenges of the pandemic, Recticel has been concerned with not just securing and shaping the future, but positively transforming it. As the world begins to emerge from various restrictions and business ramps up again, Recticel is a step ahead, contributing to recovery and a renewed perspective. It is "Transforming the Future" of the Recticel Group and of society as a whole.

Part 1 of the report – Presenting the Renewed Recticel – is a guide to our company's transition over the years and to the transformational point at which we stand now. It summarises our history, ambitions and values before explaining the two pillars of the Group's strategic approach: our Business Development Strategy and our renewed Sustainability Strategy. Of course, there is an overlap in the goals of these strategies, and they both fall within the report's overarching Sustainability theme. This is reflected in the strategy headlines:

- Our **Business** Development Strategy: transformation for **sustainable** growth
- Our **Sustainability** Strategy: transformation through responsible **business**

In Part 2 – Management Report – we provide the financial results and financial status of the Recticel Group. This part of the report also includes the Corporate Governance section and the Non-Financial Information statement.

This report is available online.

For greater insight into our Group, visit our corporate website: www.recticel.com

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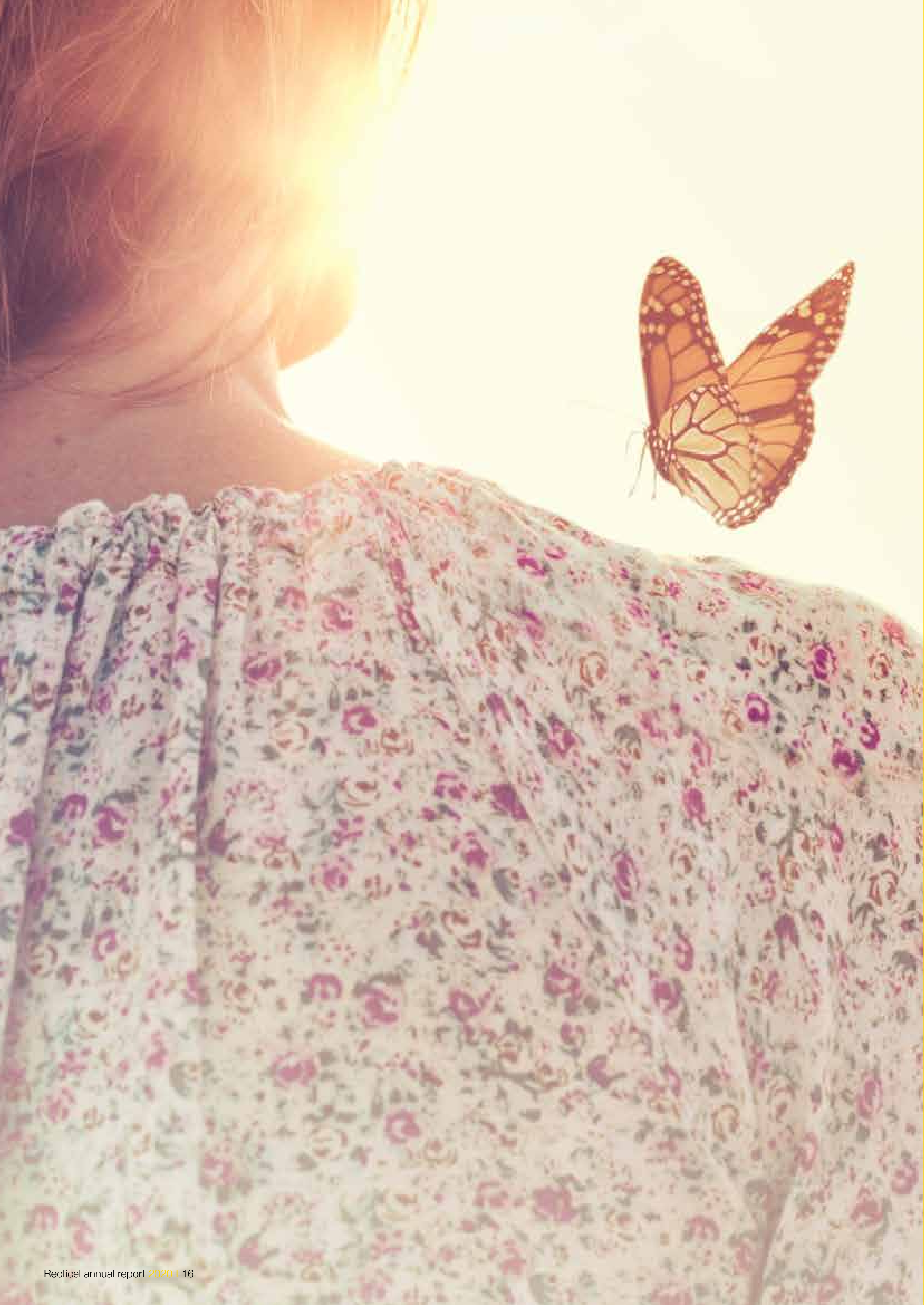
Future expectations
This document contains specific quantitative and/or qualitative future-oriented statements and expectations regarding results and the financial state of the Recticel Group. These statements are not a guarantee for future achievements, as the future holds risks and uncertainties related to future events and developments. Actual results and performance may deviate considerably from the predicted expectations, objectives and possible statements. The most important and relevant risk and uncertainty factors are described in more detail in the "Risk factors and risk management" chapter of the financial section of this Annual Report. Recticel is not obligated to provide updates regarding potential changes or developments pertaining to these risk factors, or to release any information about their potential impacts on its prospects.



1. Presenting the renewed Recticel

1.1. Who we are

As a Group, Recticel has reached a milestone in its history. We began our transformation journey ten years ago. In the first phase, between 2010 and 2015, we undertook a restructuring of our business activities and a rationalisation of our manufacturing footprint, focusing on performance improvement. Over the five ensuing years we radically overhauled and revamped our business portfolio. This was followed by a phase of investment and reshaping to boost the business.

By the end of the third phase, in 2019, we had achieved an optimised portfolio and a leaner, more streamlined footprint with 44 fewer plants. We were perfectly positioned to strike out confidently in a new strategic direction. In 2020 we divested our Automotive business line as well as our Eurofoam joint venture. By the end of the year, we had announced our acquisition of FoamPartner. This deal has now been closed and FoamPartner has merged with our former Flexible Foams business line to form the new Recticel Engineered Foams business line. In the first quarter of 2021, we also announced our decision to divest our Bedding business line and our agreement to acquire the thermal insulation board business of Gór-Stal.

Our journey

2010
- Focus on restructuring the Group's business portfolio and manufacturing footprint
- Solving the Group's legacy liabilities

2013
- Sustainable innovation at the heart of the strategy
- Inauguration of insulation plant in France

2015
- Divestment of Kingspan Tarec Industrial Insulation
- EUR 75.9 million share capital increase

2016
- Acquisition of 50% of TURVAC (SLO), producer of vacuum insulated panels (increased to 74% in 2019)
- Acquisition of insulation plant in France

2018
- Divestment of Proseat JV

2019
- Inauguration of insulation plant in Finland

2020
- Divestment of Automotive Interiors
- Divestment of Eurofoam JV
- Announcement of FoamPartner acquisition

2021
- Announcement of Gór-Stal (board business) acquisition
- Recticel Flexible Foams & FoamPartner merged to create the Recticel Engineered Foams business line
- Launch of Bedding business line divestment process

Performance improvement

Portfolio management

2010-2019 optimisation of industrial footprint: -44 [60 sites closed or divested & 16 sites opened]

Value-added focus

As of now, we will pursue growth in two specific areas (Engineered Foams and Insulation) with a clearer specialisation in the construction and industrial markets. These are growing and high value-added markets and are less capital intensive than previous elements of our business portfolio. They present opportunities to grow organically through further acquisitions and are also segments in which we can use our expertise to make a difference in terms of environmental and social responsibility.

In 2020, Recticel also undertook a revision of its 2015-2020 Sustainability Strategy[1].

Sustainability has been at the heart of the Recticel Group strategy since 2013. The sustainability strategy launched in 2015 has shaped our portfolio strategy and innovation priorities as we respond to key societal challenges such as energy conservation, CO_2 reduction and an ageing and increasing population. With the long-term needs and challenges of our business sectors and society as our compass, it is sustainability that nourishes and sustains our competitiveness.

Our renewed Sustainability Strategy for 2021-2025 is key to the next stage in our transformation. Supported by its two pillars – the Sustainable Innovation Plan and the People Priority Plan – and clearly defined material aspects and KPIs, it will maximise our positive climate impact, boost circular efficiencies and help to protect and engage our employees and other stakeholders.

[1] *The results of our 2015-2020 Sustainability Strategy can be consulted in the Non-Financial Information Statement Chapter 2.3 of this report.*

Our Business Development Strategy and Sustainability Strategy (described in detail in Sections 1.4 and 1.5 respectively) are designed to work in synergy. They are our guarantee that, as we do business responsibly, we continue to achieve our strategic objectives in terms of expansion and optimisation of our footprint and resources.

1.2. Recticel at a glance

AT 31.12.2020

M€ 828.8
consolidated net sales

4,221
employees

41
sites

Present in **20** countries

RECTICEL AROUND THE WORLD

Key data	Europe	Asia	United States
% of consolidated net sale	94%	3%	3%
Number of employees	4,037	102	81
Number of sites	35	4	2

Recticel (Euronext™: REC.BE – Reuters: RECTt.BR – Bloomberg: REC.BB) is listed on the Euronext™ stock exchange in Brussels and is part of the BEL Mid® index (Euronext™: BELM – Reuters: BELM – Bloomberg: BELM; index weighting: 1.83% - situation 28 April 2021).

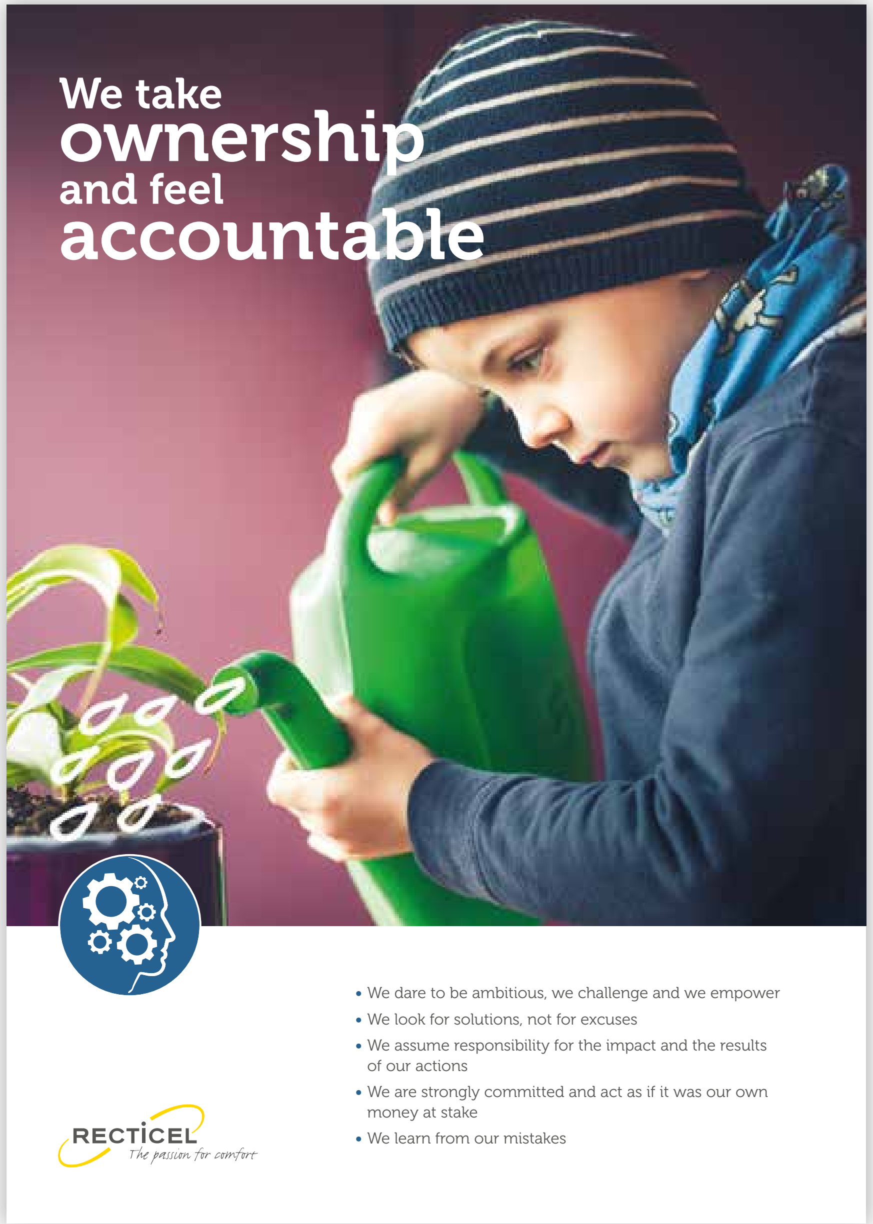
1.3. Our mission, vision and values

1.3.1. Our mission

We leverage our outstanding expertise in polymer applications, particularly polyurethane. We offer competitive, high value-added solutions to our customers with the goal of increasing day-to-day comfort and generating shared value for our customers, employees, stakeholders and society.

1.3.2. Our vision

We aim to be the leading global provider of comfort solutions in all our core markets by responding to key global challenges such as environmental protection, energy conservation, a growing and ageing population, and noise pollution. To achieve this, we strongly believe in and focus on short-term efficiency, mutual benefits of partnerships, innovation and long-term sustainability.



1.3.3. Our core values

Our values describe how we interact, do business and work together at Recticel in order to grow as a company and as individuals. In 2016 we redefined our five core values and assigned concrete behaviours to each of them. By promoting these as the basis of expected individual and collective behaviours, we aim to align our organisation's actions and attitudes towards internal and external stakeholders in a way that supports the successful execution of our corporate strategy and the realisation of our corporate objectives.

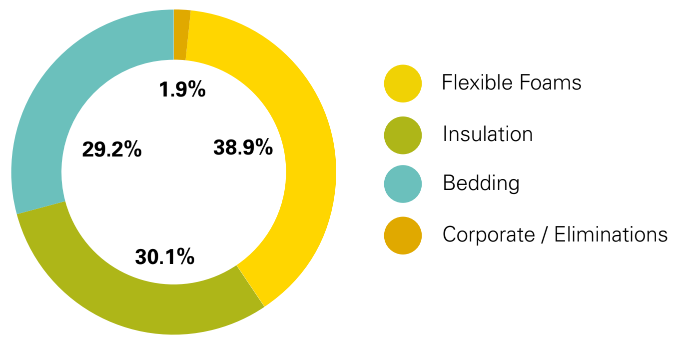
The core values are supported and promoted in our daily corporate life by an active Value Ambassador community of over 90 people worldwide. We recognise and reward colleagues and teams who lead by example.

1.4.
Transformation for sustainable growth

Our business development strategy

In 2020, our activities were primarily grouped in four business lines: Flexible Foams (creating comfort foams and technical foams for domestic and industrial applications), Insulation (focusing on the construction sector), Bedding (offering consumer-ready mattresses, box springs and slat bases) and Automotive (primarily developing interior trim for the car industry).[2]

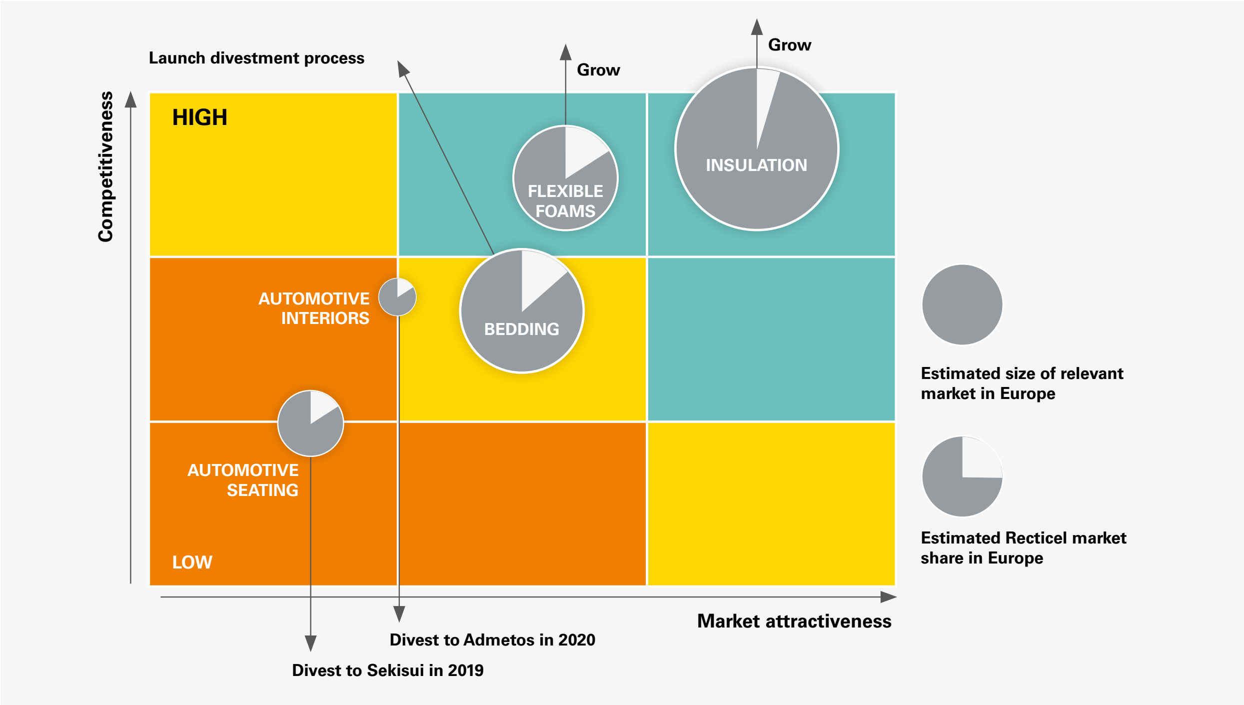
2020 consolidated sales



Our Group strategic plan is based on thorough analysis of our relative market strengths and competencies. On this basis, we define the optimal allocation of resources to the different business segments. To assess the attractiveness of the markets in which our businesses are active, we rely on objective criteria such as size, growth, profitability and capital intensity. We also evaluate our relative competitiveness in each of these markets.

These criteria have been considered at every stage of our transformational journey. Now, as we begin to execute our renewed strategy, we have identified two business lines as holding the greatest potential: Insulation and Engineered Foams.

[2] As of March 31st, 2021, Recticel Flexible Foams has been merged with FoamPartner to form the new Recticel Engineered Foams business line.



A number of transformational decisions, divestments and acquisitions have been made to support the execution of this strategy. On 30th June 2020, Recticel divested its Automotive business line and Eurofoam joint venture. On 10th November 2020, we announced the acquisition of FoamPartner.[3] This deal was closed on 31st March 2021, after which 1,100 FoamPartner employees were merged with the Flexible Foams business line to form the new Recticel Engineered Foams business line. The new organisation leverages numerous synergies in resources and talents to promote excellence, grow Recticel's worldwide presence and accelerate the commercialisation of sustainable innovations and leading-edge solutions to global markets.

In March 2021, Recticel announced its intention to expand its Insulation activities by acquiring the thermal insulation board business of the Polish company Gór-Stal. Preliminary agreements have been entered and closure of this deal is expected by July 2021. The acquisition will enable accelerated expansion into the Central and Eastern European markets.

After a strategic review in the first quarter of 2021, we also announced at the end of March our decision to divest our Bedding business line.

1.4.1. Market and challenges

Market research shows that polyurethane applications in general will grow faster than the global economy on average. This evolution relies on supportive megatrends such as climate change, sustainability, conservation, an expanding and ageing population, urbanisation, increasing mobility and rising standards of living.

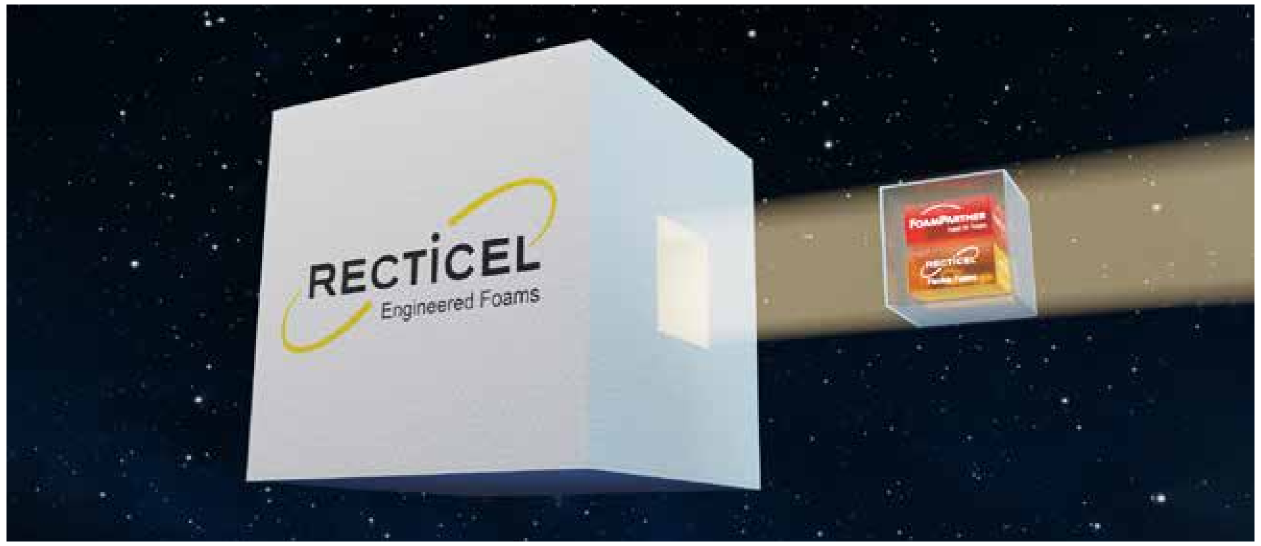
Polyurethane chemistry is at the core of our Group business lines. For seven decades, Recticel's pioneering spirit has driven our development of innovative applications and solutions that push the limits of polyurethane technology. We innovate to ensure our customers' expectations are met, actively seeking new and future-focused solutions.

We believe that through the specific activities of each of our business lines, Recticel offers tangible and practical solutions to the global challenges that lie ahead. With an optimised organisation and renewed strategy our Group is ideally positioned to build on the market drivers above. By prioritising sustainable product and process innovation, international presence and operational excellence, we are confident that we can differentiate ourselves from the competition.

[3] *Rectícel realises a key step in its strategic transformation with the acquisition of FoamPartner www.recticel.com/recticel-realises-key-step-its-strategic-transformation-acquisition-foampartner.html*

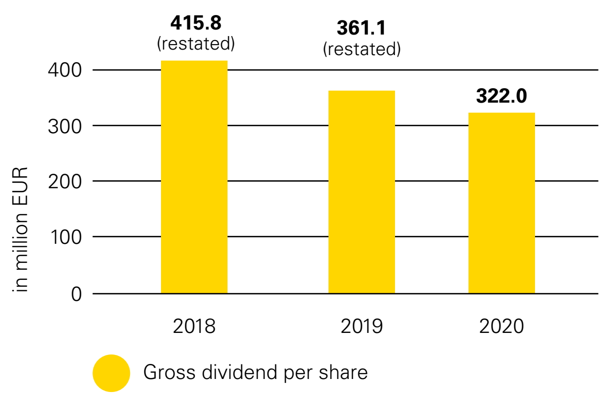
1.4.2. Business Lines

1.4.2.1. Engineered Foams



The Recticel Engineered Foams business line was born at the end of March 2021 from the combination of the former Recticel Flexible Foams business line with the recently acquired FoamPartner business. Historically, the Flexible Foams business line has been our largest; in 2020 it generated 38.9% of the Group's total combined sales. By merging its talents and resources with those of FoamPartner, we have opened up new prospects for worldwide growth along with new and accelerated value for our stakeholders, including significantly increased long-term potential.

Consolidated net sales Flexible Foams



A unique portfolio

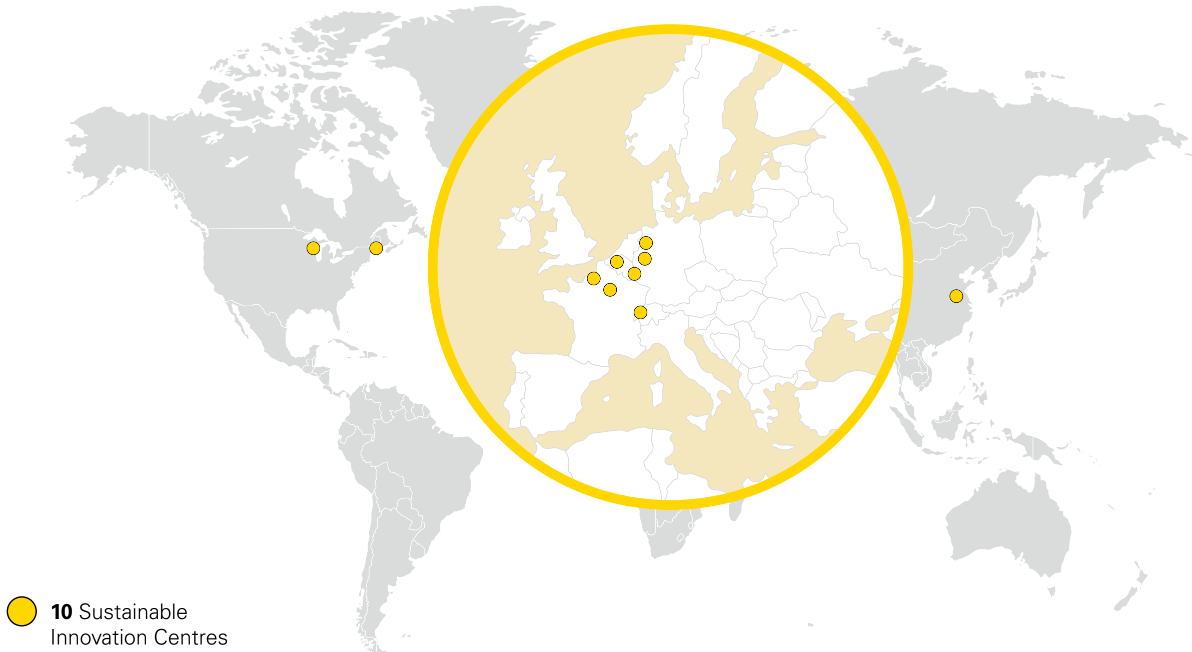
Recticel Engineered Foams offers one of the most comprehensive ranges of foams and systems in today's market, spanning industrial, automotive and comfort applications. Its portfolio is structured in six markets: Mobility Performance, Mobility Interiors, Consumer & Medical Care, Industrial Solutions, Living & Care, and Systems. Building on a unique consolidation of industry-leading knowledge, resources and experience, Recticel Engineered Foams has the competences and capabilities to excel in these six market segments by delivering the tailored solutions and innovations customers need to stay ahead.

Driven by sustainability

In line with the Group's Sustainability Strategy, the Recticel Engineered Foams strategy is founded from the start on ecological, social and economic sustainability. It is focused on developing new solutions to support healthy, sustainable lifestyles, reduce carbon emissions, preserve natural resources and promote a circular economy. At every stage, it will be guided by the steps and targets set out in the Sustainable Innovation Plan and People Priority Plan.

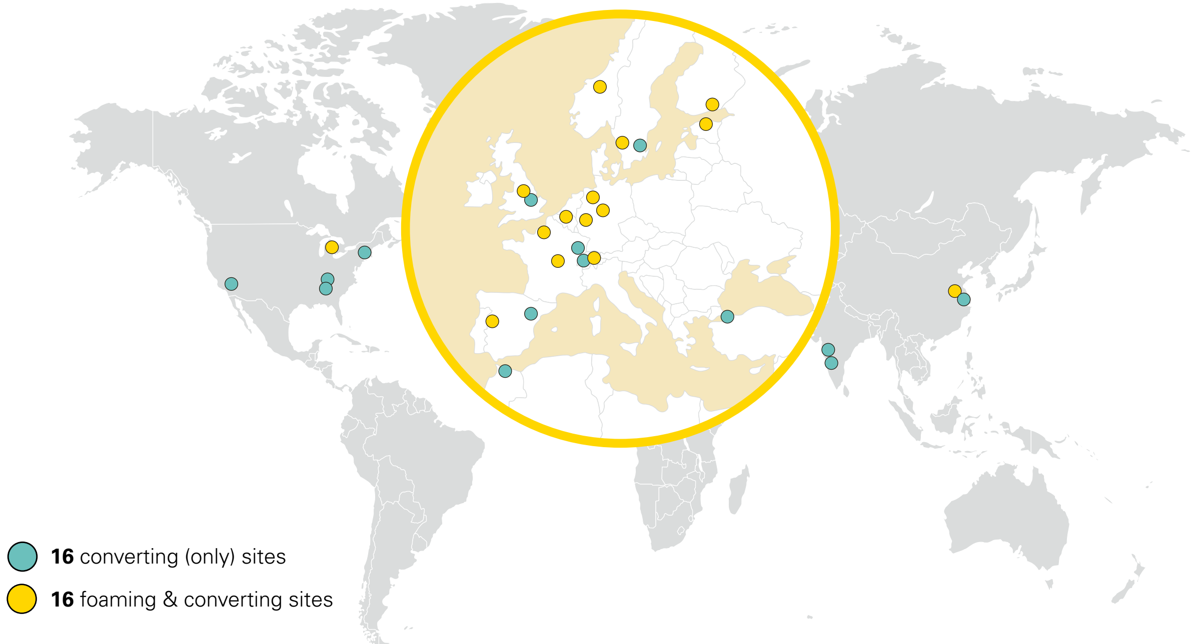
Engineering the future

With a network of 10 Sustainable Innovation Centres around the globe, 75 R&D experts and an annual R&D investment of 10 million euros, the new business line is fully committed to innovation for a better society. Its assets include three acoustics centres, four in-house pilot operations, more than 4,000 proprietary formulations and numerous valued partnerships with leading universities and technical experts.



Efficient global supply chains

Recticel Engineered Foams has an operational network of 32 manufacturing sites in Europe, the Americas and Asia-Pacific. Equipped with comprehensive and state-of-the-art technologies for foam production and processing, they allow extensive reach and a reliable global supply. They are backed by high quality on-site infrastructure and logistics to ensure fast, competitive supply chains and services.



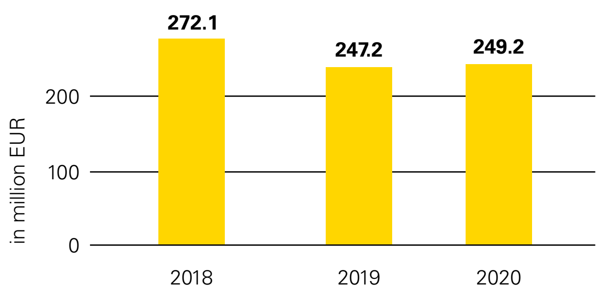
1.4.2.2. Insulation

Our Insulation business line offers high quality PU- and PIR-based thermal insulation products used in construction and renovation projects. These products are marketed under well-known brands and product names such as Eurowall®, Powerroof®, Powerdeck®, Powerwall®, Xentro® and Recticel Insulation®.

High growth potential

The Insulation business line has been the Group's smallest in terms of industrial footprint and employment (in 2020 it accounted for 30.1% of total consolidated sales). However, it has very high growth potential and makes a significant contribution to operating results. As part of the Group's amended strategy, Insulation was identified as a core business line for investment and development. Our acquisition of the thermal insulation board business of the Polish company Gór-Stal (expected to be completed in July 2021) is therefore a key strategic step. It will enable us to grow our insulation production capacity in Europe by 15%, increase our contribution to sustainability and welcome talented and experienced new personnel to the Recticel workforce.

Consolidated net sales Insulation



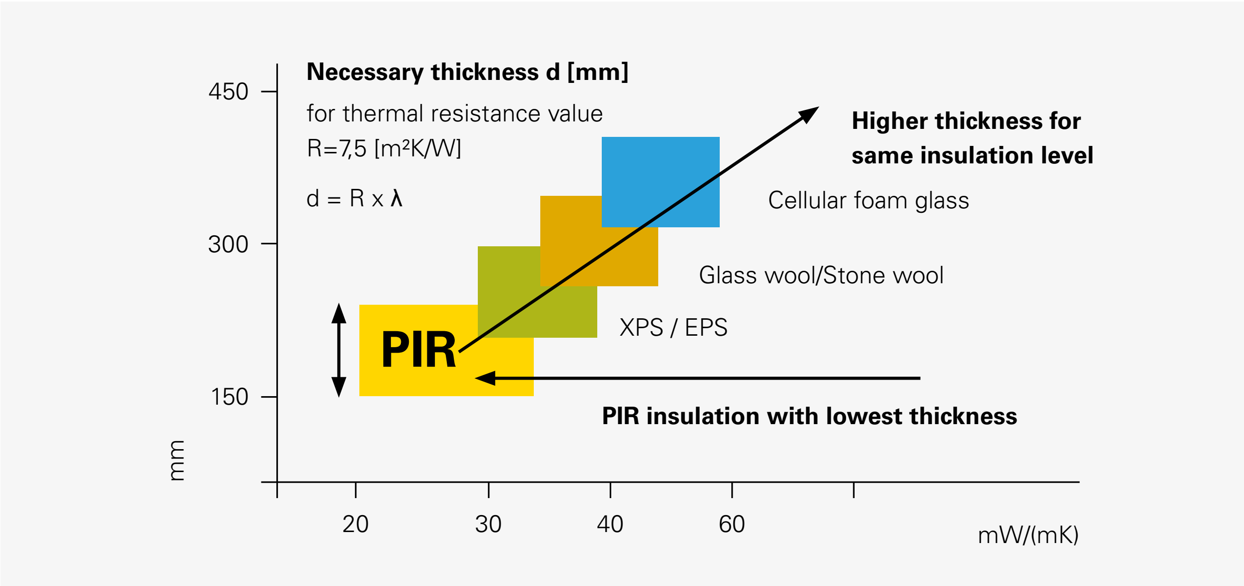
Driven by sustainability

Conserving energy and promoting a low-carbon society are key objectives for our Insulation business. Over the lifetime of their use, the insulation products we sold in 2020 will offset 46 times our carbon footprint for the year. To stay ahead of the competition, we seek to continuously improve the thermal insulation performance of our products while reducing the amount of material required. In this way, our products have significant potential to reduce CO_2 emissions and help mitigate climate change.

Raising the benchmark

Supported by ever-increasing standards, polyurethane insulation is gaining market share from more traditional insulation materials, such as mineral wools and polystyrenes (EPS and XPS). Today, polyurethane thermal insulation solutions are considered the highest-performing insulation materials available on an industrial scale. Their development is supported by European legislation for energy performance requirements and energy efficiency, including the Energy Performance of Buildings Directive 2010/31/EU (EPBD) and the European Energy Directive (2012/27/EU) (EED).

Recticel is well known in the market for the breadth and quality of its product range and for its professional and efficient customer service. Our products are stringently tested during development and before launch to ensure the highest quality standards and are considered among the best insulation materials against cold and heat available today.



A comprehensive footprint

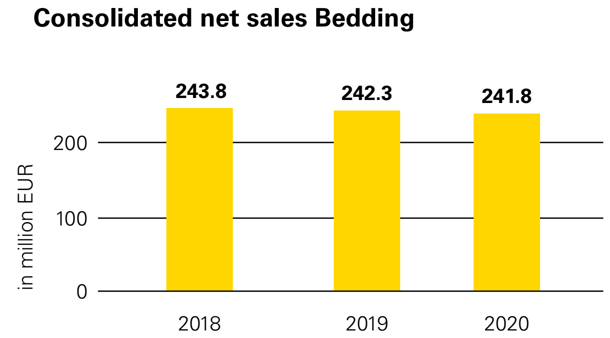
Recticel Insulation currently operates from production sites in Belgium, France, Finland and the UK, with local sales offices in Germany, Poland and the Netherlands. It also holds a 74% participation in the Slovenian joint venture company TURVAC. We benefit from the Gór-Stal acquisition as it fills a blind-spot in Central/Eastern Europe.

Gór-Stal (Poland)

- Footprint complementarity
- Same PIR product technology
- State-of-the-art factory
- Synergy potential

Recticel Insulation production sites

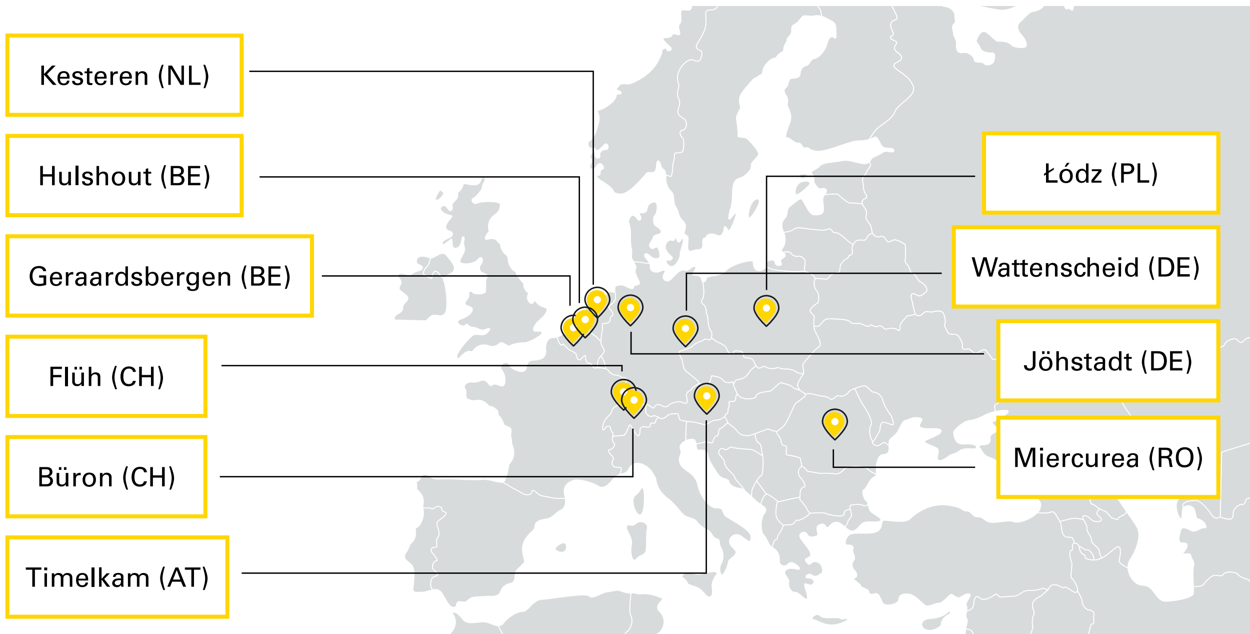
1.4.2.3. Bedding



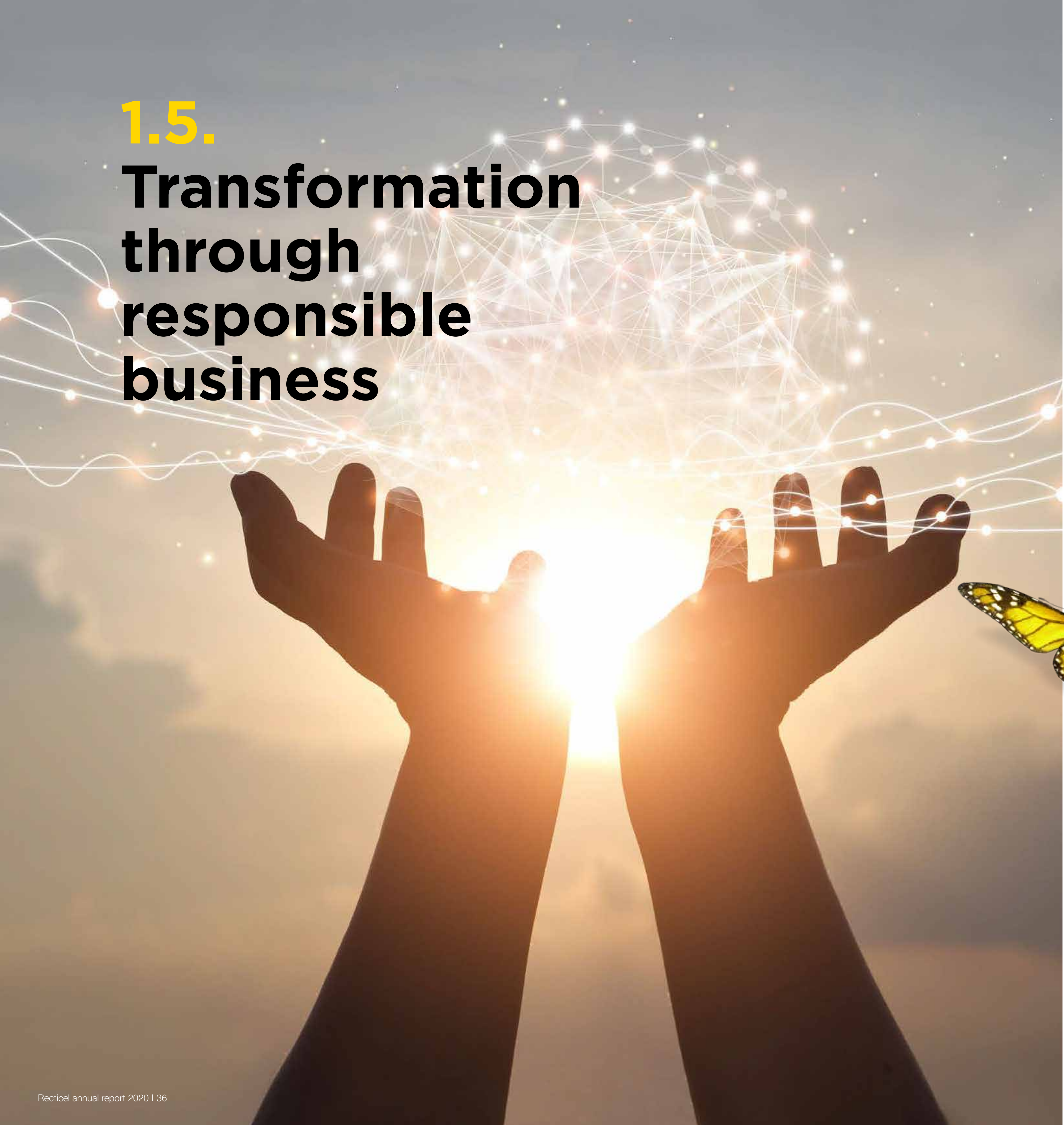
Our Bedding business line develops and produces consumer-ready mattresses, slat bases and box springs, primarily marketed under popular brand names such as Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Superba® and Swissflex®, as well as ingredient brands including GELTEX inside® and Bultex®.

Currently, our Bedding business line has manufacturing locations in eight EU countries. In 2020 it accounted for 29.2% of our Group's total consolidated sales.

As part of our strategic transformation process, the Bedding business line has been identified as a non-core activity. In February 2021, the Group announced its intention to launch a divestment process for the Bedding business line while pursuing further external growth opportunities.



1.5. Transformation through responsible business



Our sustainability strategy

Sustainability is profoundly embedded in Recticel's overall strategy. We are committed to finding responsible solutions for climate change, the depletion of natural resources and the world's growing and ageing population. Our renewed Sustainability Strategy for 2021-2025 works in tandem with the United Nations Sustainable Development Goals and the European Green Deal as well as the goals of our organisation and stakeholders.

Our guiding goals

- Sustainable Development Goals

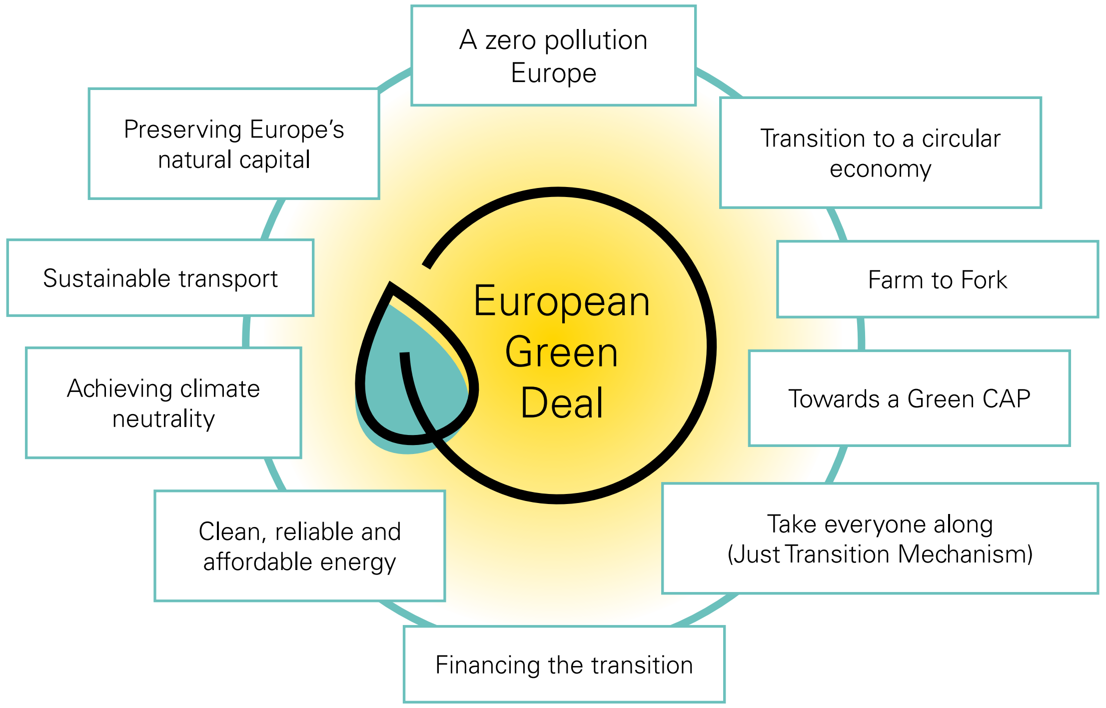
The United Nations Sustainable Development Goals (SDGs) set in 2015 are universal targets and indicators designed to help countries and end poverty, protect the planet and ensure global prosperity as part of a sustainable development agenda.

As part of its 2015-2020 Sustainable Development journey, Recticel identified the five SDGs that are most impactful, relevant and embedded in our company's Sustainability Strategy:

As part of the renewed Sustainability Strategy for 2021-2025, focus will also be given to a sixth SDG: sustainable cities and communities.

- European Green Deal

The European Green Deal is a set of policy initiatives by the European Commission with the overarching aim of making Europe climate neutral by 2050. Effective insulation plays a crucial role in meeting this objective by reducing the amount of energy used to heat and cool buildings.



Two plans: the pillars of our strategy

Since the beginning of our sustainability journey in 2013, we have seen sustainability above all as an opportunity to create shared value for our Group and society. Innovation and people are key to achieving our ambitions. Our business lines are focused on creating more shared value by innovating to meet societal needs and align with stakeholder expectations.

Sustainability is the driver for all our innovation efforts and underpins our commitment to improving people's daily lives. In 2020 we renewed our sustainability journey by further refining our strategy and setting out a clear path for 2021-2025. Working closely with our stakeholders, we defined the six most important material aspects for Recticel with the biggest potential to turn sustainability into a keener competitive edge.

These aspects form the basis of the two pillars supporting our Sustainability Strategy: our **Sustainable Innovation Plan** and **People Priority Plan**. We have defined six strategic priorities, KPIs and targets for these plans.

A detailed description of our strategy and progress during 2020 can be found in our Non-Financial Information Statement (Chapter 2.3 of this Annual Report).

Our KPIs for 2021-2025 are listed on pages 4-5.

1.5.1 Pillar 1
Sustainable Innovation Plan

All our innovations are driven by societal needs. Knowing that sustainability adds value and drives success for all stakeholders, we innovate to support healthy, sustainable lifestyles, reduce carbon emissions and use resources with the utmost efficiency. Already a climate-positive company, we are implementing a Climate Action Plan to further reduce our carbon footprint and increase the positive impact of our insulation activities. Our efforts focus on responsible selection of raw materials, greener and more energy-efficient processes and on increasing the sustainability of our products. We support a circular economic model built on preservation of natural resources, eco-design, responsible production and end-of-life solutions.

Recticel's overriding sustainability ambition is to lead the transition to a circular economy and a low-carbon society for our industry while promoting well-being by offering innovative solutions to enhance comfort in daily life.

2025 objective

By 2025, 80% of our R&D projects will be classified as sustainable according to the Sustainability Index and we will be bringing ≥ 3 R&D projects to market every year.

1.5.1.1. Four sustainable innovation programmes for societal needs

Our Sustainable Innovation Department's R&D efforts are centred around **four innovation programmes**, which underpin our Sustainability Strategy, differentiate Recticel from its competitors and generate shared value for all stakeholders. Three of the innovation programmes are aligned with the specific market expectations and future needs of our business lines through permanent interaction between product development teams in the business lines and the SID teams. In this way, we accelerate the innovation pipeline and make sustainable solutions available more quickly for our Engineered Foams, Insulation and Bedding customers.[4] The Automotive business line, which Recticel divested in 2020, is no longer included in the SID innovation programmes.

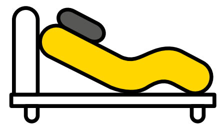
Developing new insulation solutions with lower lambda values is high on our agenda, as it contributes to a low-carbon society by reducing energy consumption and CO_2 emissions. We create new comfort foams for bedding and seating applications, and technical foams to fulfil the most stringent requirements in the field of silencing.

The fourth innovation programme covers projects impacting all three business lines and coordinates all initiatives to prepare durable polyurethane products for a low-carbon society and a circular economy.

Each of the four innovation programmes is led by an Innovation Manager.

[4] *Engineered Foams is the new business line formed from the merger of FoamPartner with the former Recticel Flexible Foams business line.*

#1
INNOVATION PROGRAMME



Fit²
Engineered Foams
Bedding

Fit² – Science-based product development of new sleeping systems

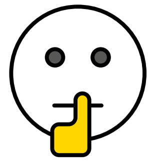
The Fit² programme seeks to gain a deeper scientific understanding of comfort for seating and sleeping systems. This knowledge is reflected in the Sleep Triangle as the guideline for the development of new, more durable and sustainable materials and systems.

After several years of scientific research and cooperation with various experts, knowledge institutes and consumer organisations, we have now reached a new level of knowledge on sleeping comfort. This data has been transferred into a **science-based modelling configurator**.

It allows us to develop high-quality and consumer-relevant sleeping systems, offering unique sleeping comfort performance across all Sleep Triangle criteria. Bed base and mattress product development is now guided by objective, science-based knowledge, meeting the standards of international test institutes.

Our ambition is to provide our customers with the best sleeping system in terms of ergonomics and sustainability. In 2021, we will launch a new range of products illustrating our vision of sustainable and circular sleeping comfort.

#2
INNOVATION PROGRAMME



Silencing
Engineered Foams
Insulation

Silencing – technical solutions with enhanced silencing properties

The Silencing programme concentrates on the development of differentiated and innovative acoustic solutions for the mobility and industrial markets. For Automotive, the focus applications are side fender, wheel arch, HVAC (heating, ventilation and air conditioning), engine compartment and silent tyre; the focus for Industry is on industrial equipment, primarily compressors and gensets (generator sets).

The aim of our research is to reduce noise impact, hence contributing to more comfortable and productive environments. For this purpose, we have established a **Centre of Competence for Acoustics** with state-of-the-art equipment, methods and tools to characterise the acoustic performance of materials and solutions. Extensive studies have been conducted through our unique set-up for large scale experiments, comprising coupled reverberant and hemi-anechoic rooms, resulting in the development of high-performing acoustic solutions for Automotive and Industry applications. These activities demonstrate our ambition to be the global preferred supplier of silencing solutions for these industries.

We have further extended our capabilities with simulation and modelling techniques to both accelerate the development of advanced multi-layered complexes as acoustic solutions and enhance our understanding of the fundamentals for the development of next-generation acoustic polyurethane foams.

#3 INNOVATION PROGRAMME

Low Lambda

Insulation

Low Lambda – reduced lambda values in insulation

Sustainability has always been core for the thermal insulation business. Our thermal insulation solutions for building renovations and new-build projects contribute to a low-carbon society: the amount of CO_2 emissions avoided by our insulation solutions offsets more than 46 times the carbon footprint of all Recticel activities combined.

The Low Lambda programme concentrates on developing new rigid foams with better insulation values. Improving the insulation value of a product has an immense positive effect on natural resource consumption. Research is ongoing to push the boundaries of insulation properties even further and find new applications for existing technologies.

In the first quarter of 2021, Recticel Insulation proudly announced that it is producing insulated boxes to transport temperature-sensitive COVID-19 vaccines. In combination with coolants, these high-performance vacuum insulation panel (VIP) boxes help to preserve a temperature below minus 70°C for several days, which is critical for the safe delivery of many of these vaccines.

Vacuum insulation panels (VIPs) deliver a thermal performance of 0.004W/mK and can allow insulation layers to be up to five times thinner compared to conventional insulation materials. Recticel's VQ-Si VIP is the ideal basis for a temperature-controlled packaging system, allowing these high-value products to be shipped securely and in an optimised package size. This ongoing programme means that Recticel Insulation is and will continue to be an important link in COVID-19 vaccine logistics around the world.

#4 INNOVATION PROGRAMME

Corporate Sustainability

Engineered Foams
Insulation
Bedding

Corporate Sustainability programme

The Corporate Sustainability programme steers and coordinates initiatives across our business line to support the priorities defined in our Sustainable Innovation Plan and prepare the transition to a circular economy and a low-carbon society. Corporate sustainability projects cover the whole value chain of our products, from raw materials to production, use phase, recycling and reuse of polyurethane at the end-of-life phase.

A variety of large projects are currently running in collaboration with different consortia as enablers with the aim of realising our sustainability goals (see section 1.5.1.3.). Such partnerships and projects are also an essential part of our People Priority Plan.

For a detailed description of the Corporate Sustainability programme, see the Non-Financial Information Statement in Chapter 2.3 of this report.

1.5.1.2. Climate Action Plan

We focus on introducing raw materials with lower GWP (global warming potential) values and lower carbon impact, improving the energy efficiency of our activities, and developing more sustainable products and end-of-life solutions that support a circular economy.

At the end of 2020, 30,000 m² solar panels covered the roofs of Recticel sites.

To optimise our carbon footprint, we want to reduce our negative impact and increase our positive impact in a significant way. In line with these goals, we focus on areas in our value chain where the biggest progress in carbon footprint reduction can be made: upstream (raw materials) and downstream (usage and end-of-life phases).

2025 objective

Recticel is committed to a 40% reduction in its carbon footprint by 2030 (in tonnes CO_2e) (2013 baseline, target in line with EU Green Deal -55% vs 1990) and a 25% reduction in its carbon intensity by 2025 (2020 baseline).

Innovation through digitalisation

Swift and disruptive technological progress and the development of robotics, artificial intelligence, the internet of things (IoT) and 3D printing have created an explosion of new threats along with new opportunities. Industries have been, and will continue to be, deeply transformed by digitalisation. Recticel is embracing digital technologies to seize new growth opportunities and make the success of our company sustainable.

Digital technologies will enable Recticel to make a step change in value creation and differentiation in the following three areas:

- Smart Manufacturing & Digital Operations: Further accelerate our use of digital tools in manufacturing and operations to optimise our operational efficiency by primarily focusing on: (i) labour efficiency, (ii) material efficiency, (iii) production flows and (iv) internal logistics.
- Digital Supply Chain & Customer Experience: Retrieve value from existing and new data sources through seamless interfaces and a big data approach to accelerate and streamline the customer experience and create transaction efficiency.
- New Digital Business Models: Increase our customer intimacy through better understanding of customers and anticipation of their needs, and by differentiating value propositions in a changing marketplace.

In all these areas, digital opportunities have been prioritised based upon their potential for the business lines and functions.

The Information & Digitalisation Technology (IDT) department acts as a centre of expertise and works in close collaboration with the business lines to deliver on a digital roadmap involving the entire organisation.

1.5.1.3. The transition to a circular economy

We support a sustainable economic model built on preservation of natural resources, eco-design, responsible production and end-of-life solutions. Therefore, we aim to lead the way in implementing new chemical recycling solutions for flexible PU; in supporting exploration of chemical recycling solutions for rigid foam; and in mechanical recycling and reuse of flexible PU waste as interim steps on our journey to full circularity.

Together with our stakeholders, including customers, employees, suppliers, the industry and knowledge institutes, we are constantly exploring ways to develop new lower-carbon (bio-based, renewable or recyclable) raw materials for our polyurethane solutions. We investigate all options to efficiently eliminate waste across our entire value chain and introduce eco-design products that are easy to dismantle, recycle or reuse at the end-of-life phase.

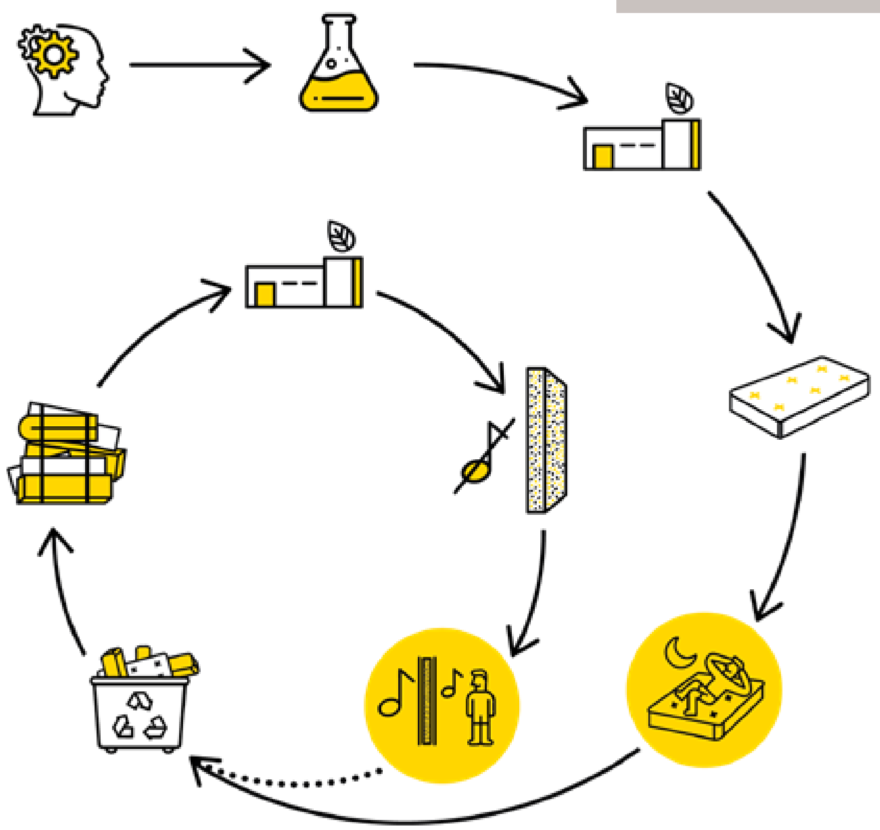
Polyurethane is in many cases our preferred technology. It allows us to create durable products such as insulation panels, mattresses and acoustic solutions which retain their comfort and technical properties for many years. At the end of the product life, polyurethane can be recycled and reused for the same or other value-added purposes.

Up to now, existing or new **mechanical recycling** processes have allowed us to reuse our production waste. Since 2020, Recticel has also been processing end-of-life foam in one of its two French plants, transforming this valuable material into acoustic building insulation solutions.

Mechanical recycling is an intermediate solution to absorb post-consumer waste from products launched 10 to 20 years ago. **Chemical recycling** is more challenging, as it defies the basics of polyurethane. It involves breaking down its highly durable material structure at the end-of-life phase, reusing its building blocks and creating polyurethane again. We strongly support chemical recycling and pyrolysis R&D projects as these technologies will turn polyurethane into a fully circular material and help to save the Earth's finite resources.

2025 objective

By 2025, we aim to recycle 5,000 tonnes of post-consumer polyurethane foam from mattresses.



In 2020 1,059 tonnes of PU mattress foam were recycled, representing > 50,000 foam mattresses.

Recticel is participating in a variety of R&D projects with different consortia, some of which are funded by the European Horizon 2020 programme, and other international and national bodies, to advance new solutions:

PUReSmart – transitioning to a circular lifecycle

We are proud to lead the groundbreaking PUReSmart chemical recycling project funded by the European Union's Horizon 2020 Innovation and Research programme. The project aims to develop a completely circular product lifecycle by breaking down polyurethane into its two building blocks (i.e. polyol and isocyanate) in an optimised mass balance for full one-to-one circularity.

More information on the current project status can be found at: www.puresmart.eu/puresmart-progress-after-18-months

This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 814543. The PUReSmart project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

Carbon4PUR – sustainable plastics made from CO/CO_2

Carbon4PUR is an EU Horizon 2020 Research and Innovation Programme project concentrating on carbon capture and utilisation. The use of process gases from the steel industry is being investigated as a way to move closer to the goals of climate neutrality and a circular economy.

With Covestro as project coordinator, the consortium of research-oriented industry and application-oriented science has been working together on an interdisciplinary basis since 2017. The 14 partners in this innovation project are focusing on expanding the technology platform that Covestro first successfully implemented in 2015 for the use of CO_2 as a new, alternative feedstock for the chemical industry. Recticel will test its use in rigid foam applications such as insulation panels.

For more information, visit www.carbon4pur.eu

This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 768919. The information contained in this document has been prepared solely for the purpose of providing information about the Carbon4PUR consortium and its project. The document reflects only the Carbon4PUR consortium's view and the European Commission is not responsible for any use that may be made of the information it contains.

SWEETWOODS

SWEETWOODS, a Bio-Based Industries Joint Undertaking (BBI JU) funded project, focuses on bio-based materials such as wood as a replacement for fossil fuel. It aims to demonstrate the successful and profitable production of high-purity lignin, derived from low-quality wood residues and sugars, on an industrial level. Recticel will test its use in rigid foam applications such as insulation panels.

Read more at: www.sweetwoods.eu

SWEETWOODS has received funding from the Bio-Based Industries Joint Undertaking under the European Union's Horizon 2020 Research and Innovation programme, under grant agreement N° 792061. The SWEETWOODS project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

ValPUMat

The ValPUMat (Valorisation of the Polyurethane of Mattresses) project is one of the nine winners of the first Eco-Innovation challenge, launched in 2017 by Eco-Mobilier. A non-profit eco-organisation approved by the French Ministry of Ecology, Sustainable Development and Energy, Eco-Mobilier organises the collection and recycling of used furniture and mattresses.

The Eco-Innovation challenge was originally set up to explore new ways of recycling mattresses and to develop new value-added applications based on polyurethane. Recticel and Tesca Group, a French manufacturer specialising in textiles and seat components for the automotive industry, teamed up to tackle this innovation challenge together.[5]

2025 objective

We will report annually on reinforced R&D partnerships with customers, knowledge institutes, universities and strategic suppliers for sustainable development.

[5] *www.eco-mobilier.fr/nine-innovative-and-ambitious-projects-in-order-to-find-new-ways-of-recycling-and-recovering-materials*

VITRIMAT

VITRIMAT, an EU Horizon 2020 Research and Innovation Programme, started up for a period of three years on March 1st, 2020. VITRIMAT aims to offer a world-class multidisciplinary and inter-sectoral training platform that will bridge a critical training gap between cutting-edge European academic research on vitrimers and industrial development of everyday products.

For more information, visit: www.vitrimat.eu

VITRIMAT has received funding from the European Union's Horizon 2020 Research and Innovation programme under the Marie Sklodowska-Curie Grant Agreement, N° 860911. This presentation reflects only the author's view. The European Union is not liable for any use that may be made of the information contained herein.

NIPU

The NIPU project started up on January 1st, 2021, for a period of four years. Funded by the European Union's Horizon 2020 Research and Innovation programme, NIPU-EJD is a European Joint Doctorate programme concentrated on novel non-isocyanate polyurethanes. It is formed by a consortium of 15 research-performing institutions: seven academic beneficiaries and eight non-academic partners, including Recticel.

For more information:
www.nipu-ejd.eu/consortium

NIPU has received funding from the European Union's Horizon 2020 research and innovation programme under the Marie Sklodowska-Curie Grant Agreement N° 955700. This presentation reflects only the author's view. The European Union is not liable for any use that may be made of the information contained herein.

1.5.2. Pillar 2 People Priority Plan

People are central to our Sustainability Strategy. We passionately believe that, to create a better society, we must act together and share knowledge, expertise and technology. This means maintaining the highest standards and principles on human rights, labour, the environment and anti-corruption. We maintain strong partnerships across our industry and beyond, and support social projects relating to our strategy. We constantly seek to reduce the HS&E impact of our activities and products and are committed to workplace and product safety. As an employer, we strive to create an inspiring and rewarding place to work. We build our community on inclusiveness and respect, believing that diversity improves the quality of decision making and overall performance.

1.5.2.1. Sustainable partnerships

No company can bring about the transformation to a sustainable future and a circular economy alone. Partnerships across the value chain are essential. We value high-quality, long-term collaboration and mutually beneficial partnerships with suppliers, R&D specialists and social projects worldwide.

2025 objective

We take a proactive approach towards compliance with the European Green Deal Chemicals Strategy for Sustainability by striving for zero chemical hazard impact from our activities and products. We are committed to reporting annually on this.

1.5.2.2. Lower HS&E impact of our activities & products

COVID-19 response

We never compromise on safety!

In the first quarter of 2020, the world was shaken up on an unprecedented scale by the emergence of a new coronavirus, COVID-19. Recticel took every precaution to protect its employees, customers, suppliers, shareholders and their families from its impact. Crisis Response Teams were activated in every country and monitored the situation closely to ensure that the correct actions were taken, in line with Group and local guidelines as well as local legislation. In 2020, less than 5% of Recticel employees tested positive for COVID-19. All infections seem to have occurred outside Recticel premises.

Business continuity

As a responsible company, we remained flexible and responsive to the situation as it evolved, so that we could help our customers and communities through the challenges ahead.

In the first half year, the impact of a -17.5% sales decline was largely mitigated by cost saving measures and the implementation of temporary unemployment. The second half of 2020 was marked by significant sales fluctuations, varying from one business segment or country to another, influenced by subsequent waves of the COVID-19 pandemic and the related precautionary measures taken by national governments. In this difficult context, Recticel managed to generate a robust 7.0% sales growth in the second half of 2020 and a 10.0% increase in Adjusted EBITDA[6].

2025 objective

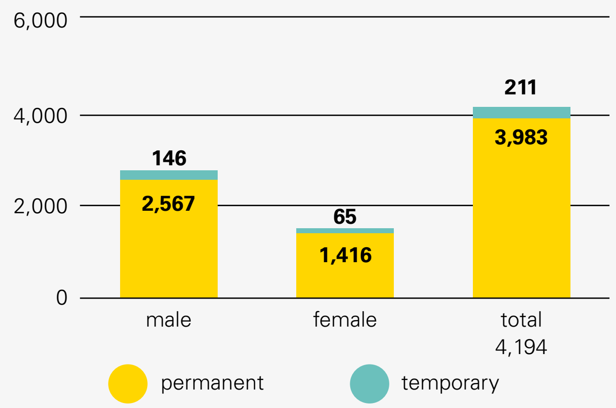
We continuously improve our safety culture and implement behaviour-based safety measurement as a tool to assess it. We have set a target of ≤ 2 Frequency 1 LTAs and ≤ 5 Frequency 2 LTAs by 2025.

Following further implementation of the Green Car Policy, 80% of company cars renewed in 2020 in Belgium were replaced with electrical or hybrid vehicles.

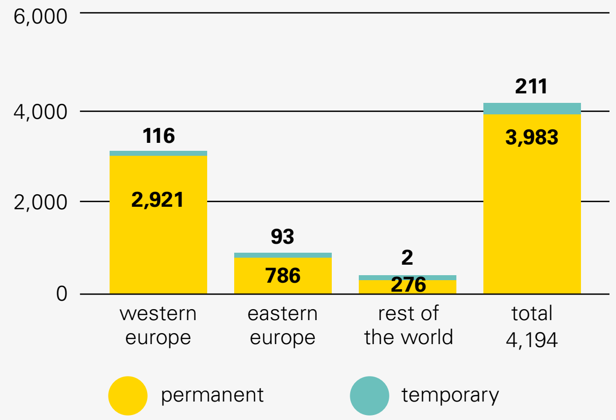
[6] See Recticel Annual Results 2020 - Solid 2nd half 2020 and Strategic Repositioning
www.recticel.com/recticel-annual-results-2020-solid-2nd-half-2020-and-strategic-repositioning.html

Status at 31/12/2020. Joint Ventures and Automotive business line excluded.

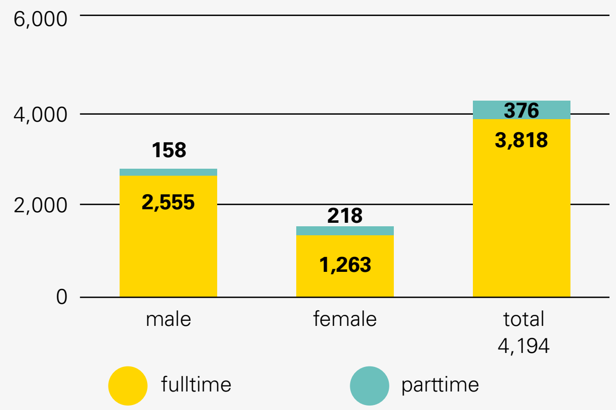
Total number of employees by employment contract by gender



Total number of employees by employment contract by region



Total number of employees by employment type by gender



1.5.2.3. An inspiring and rewarding place to work

The actions defined in our Sustainability Strategy and Business Development Strategy can only be successfully executed if they are supported by a strong Human Resources organisation. Our people are the true drivers of our transformation. It is therefore vital that we recognise their talent, empower them as much as we can and help them thrive and develop by offering them a wide set of training and development programmes.

Recticel's HR teams were extremely active in 2020. The health crisis required us to pay continual attention to the health of our employees while aligning activity levels with demand. Despite the focus on crisis management, we maintained the robust and well-established HR processes we have built over the years, such as employee performance management discussions, compensation and benefits management based on the Recticel Hay Grading system and the People Review process.

Rapid response to the COVID-19 pandemic

In its early stages, the pandemic had a significant impact on the activity levels at most Recticel sites. With the economy rapidly slowing down, business reached its lowest point in April 2020. Recticel HR reacted promptly by activating temporary unemployment schemes first for blue-collar workers and subsequently for white-collar employees in the different countries and locations.

This measure enabled us to bring our activities into line with the reduction in demand while maintaining our experienced workforce. It also meant that Recticel was able to ramp up quickly when business picked up again later in the year.

2025 objective

By 2025, we are committed to increasing gender equality to 25% in senior management (compared to 18% in 2020).

Exploring new ways of working

Triggered by the first lockdown in 2020, the Recticel Management Committee launched a work group to reflect upon New Ways of Working at Recticel. The work group comprised employees from a wide variety of professional backgrounds, business lines, functions and countries.

The group's first task was to establish a simple set of principles that would guide Recticel employees and line managers in all countries and locations when working from home. The principles were approved by the Management Committee in July, enabling Recticel to take a proactive approach towards teleworking. The aim is to provide employees with more flexibility in organising their work to benefit themselves and the employer, and considering every aspect of people, planet and profit.

The guiding idea is to give all employees the same opportunity to work part-time from home where possible within the scope of their job and local country legislation. The group principles have been converted into country-specific policies that will be applicable as soon as the health situation allows a return to normal working conditions.

This important step is made possible by the digital workplace previously introduced at Recticel under the name of SimplyConnect, and by providing employees with digital tools that enable a more collaborative, agile, and remote way of working.

SimplyConnect
Digital Workplace

The work group also debated the implications of New Ways of Working. As an outcome of this process, the Management Committee validated two areas in which the company will further explore and intensify its efforts: employee well-being, engagement and motivation; and communication.

In the context of a rapidly changing world, digitalisation, new online tools, and the emergence of new ways of working, it is clear that we must persevere in this direction with fresh energy and ideas to engage employees at all levels of our organisation. SimplyConnect, along with new collaborative tools and a new intranet allowing more targeted, interactive communication, will enable us to achieve these objectives.

Training and development

A year of transition

RECUN
RECTICEL UNIVERSITY

Recticel places great emphasis on attracting and onboarding new skilled employees. Unfortunately, due to the COVID-19 pandemic, 2020 saw a suspension of all on-site training modules planned under the Recticel University (RECUN).

Instead, the time was used to work on a new RECUN programme of online classes allowing participants to meet and interact in a virtual classroom environment This is complemented by peer learning, where employees can engage in a learning community. As identified during the People Review process, the learning focus for 2021 will be Change Management and Project Management.

For 2020 and 2021, the regular employee performance management discussions (EPMD) with our approximately 1,500 white-collar employees are being conducted online. These discussions are essential to enhance the reward, retention, succession and career planning process.

In 2021, we plan to give all white-collar employees access to a broad catalogue of e-learning materials allowing them to train in a self-paced way on topics identified during the EPMD process.

2025 objective

We are aiming for 100% employee participation in e-learning on legal, cybersecurity and safety topics among others, as well as expanding new offerings based on specific needs detected during the annual Employee Performance Management Discussion (EPMD).

Legal e-learning and training sessions

Complementing the RECUN resources, we are constantly increasing our e-learning offering for all white-collar employees, not only those who enrol in RECUN training.

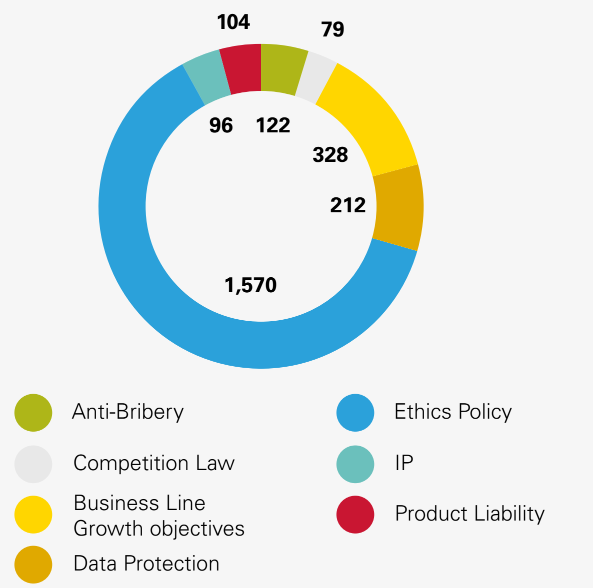
In 2020, a wide range of legal and compliance e-learning courses were offered, complemented by online and classroom training sessions delivered by the group's legal department. The legal e-learning modules were updated and extended to make them more interactive and appealing. Today, employees can follow self-paced e-learning courses on a variety of legal subjects such as Intellectual Property, Group Bribery Policy, Product Liability, and EU Competition Law Compliance.

Compulsory modules for white-collar employees

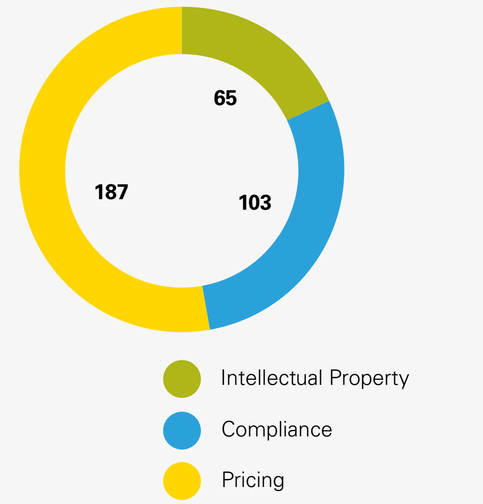
In 2018, Recticel embarked on an ambitious endeavour to reach a higher level of integrity and compliance within the Group. Three legal e-learning modules were made compulsory for all white-collar employees. They deliver the necessary knowledge on the Recticel Ethics Policy, Data Protection procedure, and the basics of Contract Law.

Because of the importance of our Ethics Policy, all Recticel white-collar employees were asked to repeat the e-learning module in 2020 and restate their commitment to respecting and integrating Recticel's ethical foundation in their respective environments.

Legal e-learning modules
Total: 2,511 modules completed



Legal training sessions (online and classroom)
Total: 355 participants

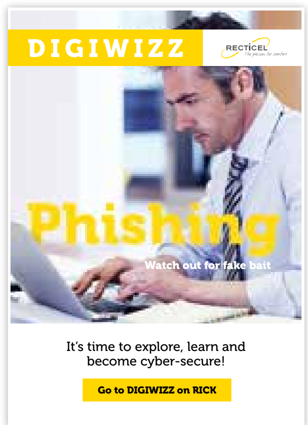


DIGIWIZZ e-learning and phishing test campaign

The impact of cybersecurity breaches can be huge in terms of both financial loss and reputational damage. In 2018, Recticel launched its first DIGIWIZZ campaign to raise awareness about cybersecurity, malware, and phishing. In 2020, we launched a new and completely revamped DIGIWIZZ e-learning course. As well as phishing and malware, it covered safe web browsing and teleworking. The modules combined short videos with assessments to test employees' understanding of these four topics. The e-learning course was made available in English and in local languages.

Theft of credentials such as user IDs and passwords via phishing emails remains one of the most common types of cyberattack affecting organisations. In 2020, we conducted 'phishing tests' in which users received fake phishing e-mails. These tests helped employees to consciously improve their awareness regarding cyberattack techniques and to recognise and report them.

Recticel will continue to invest in DIGIWIZZ in 2021. The goal is to enable employees to stay alert and test their behaviour while also enabling Recticel to monitor their learning progress.



Managing divestments and acquisitions

With effect from June 30th, 2020, Recticel transferred its Automotive Interior business, with 1,400 employees, into a new joint venture under the control of Munich-based privately-owned investment company Admetos GmbH.

For HR, this meant administering the transfer of all the workers employed in 11 production sites located in China, the Czech Republic, Germany and the United States, as well as employees from Automotive Interiors who shared offices with Recticel in Belgium and Germany.

Throughout the year, Recticel maintained an active dialogue with its social partners, at both country and European levels.

In 2020, the usual annual EWC meeting and the quarterly restricted EWC committees were supplemented by various special meetings to consult with our social partners at European level regarding not only the divestments of Automotive Interiors and Eurofoam, but also the acquisition of FoamPartner, which was announced towards the end of the year.

"SuccessFactors was selected because it offers an intuitive user experience and it is cloud-based, so we will always have our data in back-up and will have immediate access to new functionality through half-yearly updates.

The different modules such as Employee Central, Compensation & Benefit, and in a next step, Performance Management and Succession Planning, will offer us the advantage of a 360° view on the most important HR data."

Romain Boesinger, Group Talent Director & Simon Veeckman, SAP CO Consultant

Project Co-leaders for HR4U, the Recticel SAP SF implementation

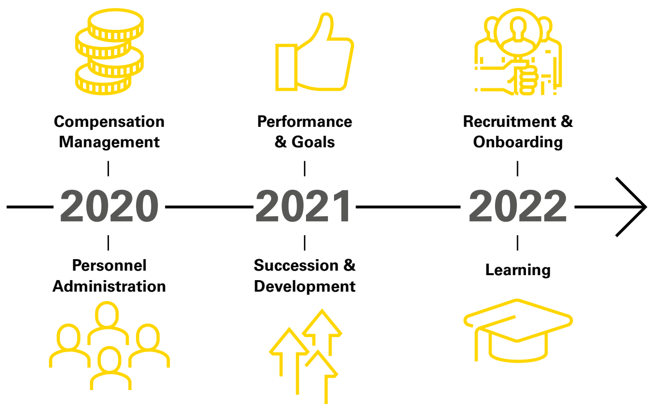
HR4U – launching our digital HR transformation

HR4U – Recticel's SuccessFactors implementation project – was kicked off in early summer 2020 by Corporate HR, Recticel HR process experts from different countries and the Recticel IDT department. The Recticel project team was supported by an external implementation partner.

SAP SuccessFactors is a state-of-the-art tool allowing us to manage our HR processes and data in a uniform and streamlined way throughout all countries and locations. The system went live on December 1st, 2020, with the first two modules (Employee Central and Compensation Management) for all white-collar employees. This allowed us to launch the ASR (Annual Salary Review) cycle for 2021 successfully in the new system. HR4U aims to make approval flows and administration checks easier.

The next step is to implement four additional modules: Performance & Goals, Succession & Development, Recruitment & Onboarding and Learning.

The transition to HR4U will be a significant driver of further business integration and help to leverage our employer branding and attractiveness. A key element of the user-friendly, digital workplace we are building, it will optimise our recruiting, onboarding and compensation processes while giving employees a better view of their career path and performance.



Co-creating an inspiring and rewarding place to work

Engaging our global workforce

We know that our success relies on the ability to attract, engage and retain a pool of talented employees. It is essential that we offer all employees a stimulating and rewarding place to work; one that encourages them to feel engaged and allows them to develop their talents and skills.

We are committed to continuous improvement of employee engagement and to follow-up and scoring of well-being through the annual Employee Performance Management Discussion (EPMD). We will report on this annually.

In previous years, Recticel rolled out engagement surveys through an independent research agency, Profacts. Employees were able to provide anonymous feedback on topics such as the working environment, leadership, cooperation, communication, career development and employee engagement.

In 2020, our focus was to follow up on the insights gained. We organised information sessions and workshops at all levels of the different business lines and in the local plants worldwide. These groups reviewed the findings of the surveys and discussed the conclusions.

The Flexible Foams leadership team held a dedicated session at their annual FELT meeting in early 2020 (pre-COVID). They discussed the survey results and agreed on conclusions and action plans to improve employee engagement.

People Review Process and succession planning

We continued our People Review Process in 2020. Facilitated by the Group HR team, the business line and functional management teams each dedicated an entire day to discussing topics such as succession planning, people related SWOT analysis, identification of high-potentials, future recruitment and retirement planning, and related knowledge transfer plans. The Group Management Committee went through the same process related to their direct reports.

During this annual process, we prioritise consistency between the outcome of the People Review Process and the other related processes such as succession planning, employee performance management discussions (EPMD) and the annual salary review (ASR) process.

This approach helps Recticel to anticipate internal succession needs and to leverage employee motivation, knowledge transfer and business performance. The outcomes are converted into clear action plans and follow-up processes. The People Review Process is also being cascaded down into the local organisations. In the future, the process will be supported by HR4U, our new HR IT system.

September → **October** → **November**

September
BU, BL & Functional preparations

October
- Functional people reviews
- People review days per business line

November
Group ManCom People Review Day

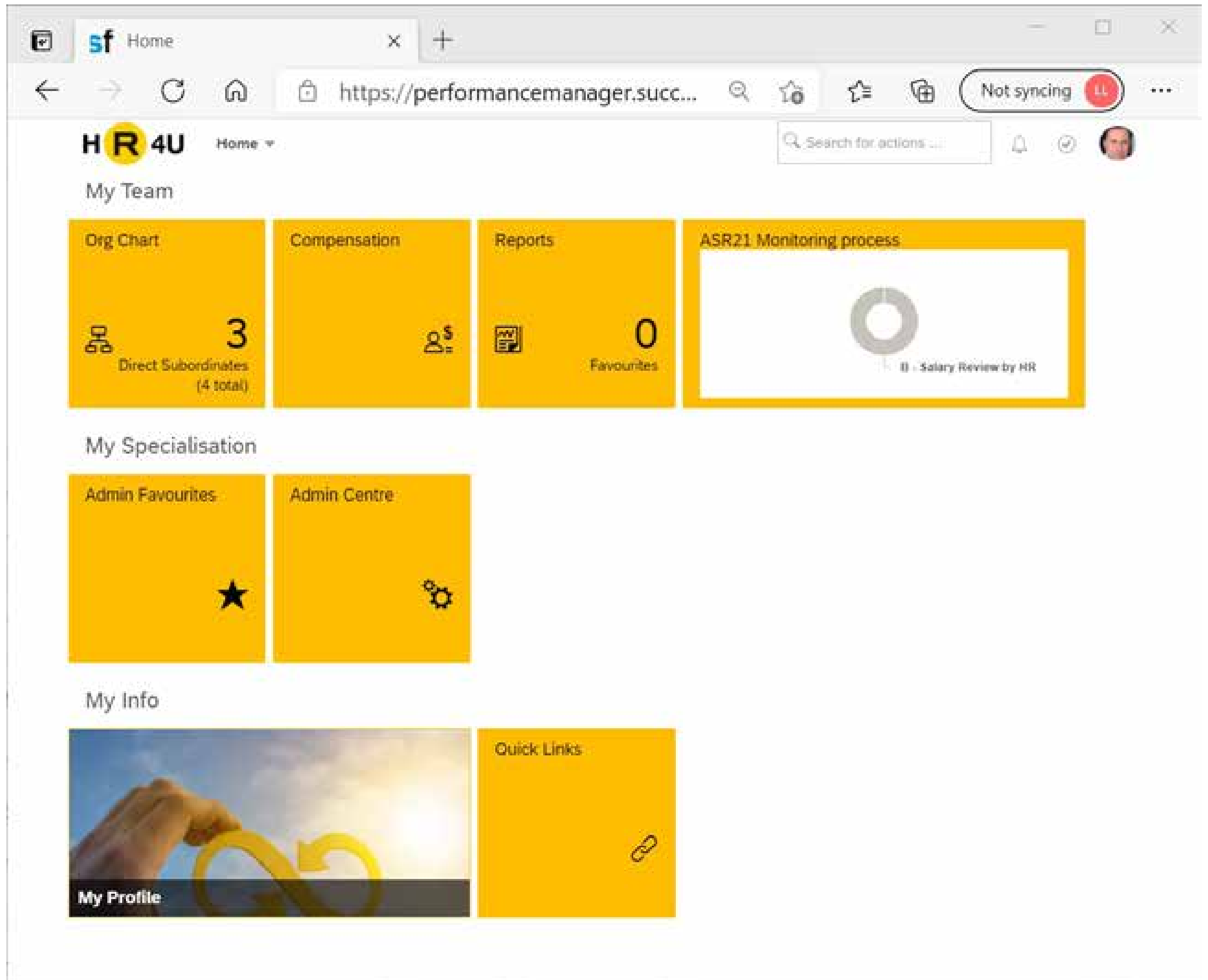
Further refinement of our remuneration practices

Recticel continues to upgrade its HR processes. In 2020, the compensation processes and databases were migrated into HR4U. The use of reliable, well-integrated and standardised employee data on a single future-proof platform improves the delivery of our HR services. Over time, it will cover and connect all key HR functions and processes across the entire Group. In December of last year, the worldwide Annual Salary Review (ASR) process for 2021 was launched in HR4U. The ASR process is a system-based workflow, using a standardised compensation form.

With HR4U, the decision-making process is enhanced: the Recticel line managers involved in the ASR process are empowered to access trusted HR data online, as well as new reporting capabilities, both fully in line with GDPR requirements. The ASR process now includes calibration meetings held at business line and Group levels to systematically review the performance of our white-collar employees. HR4U is making the overall administration of the process easier.

In parallel, Recticel continued to structure its remuneration practices based on the worldwide Recticel Hay Grading structure and to streamline compensation and benefit decisions, also at the time of recruitment. This is supported by an improved online benchmarking interface, Korn Ferry Pay, and synchronised with HR4U.

> **"HR4U, our new Group HR IT system, allows line managers, who are involved in the annual salary review process, to access trusted HR data online as well as new reporting capabilities. This brings people management decisions closer to them, fully in line with our GDPR compliance requirements."**
>
> *Lionel De Leener, Reward Director*



The HR4U dashboard empowers Recticel Line Managers to access HR data online

2. Management report

2.1. Report of our Board of Directors

Rectticel Annual Results 2020

Solid 2nd half 2020 and Strategic Repositioning

- Net sales: from EUR 878.5 million[1] to EUR 828.8 million (-5.7%), including a -0.3% currency effect
- Adjusted EBITDA: from EUR 70.7 million[1] to EUR 58.8 million (-16.8%)
- Result of the period (share of the Group): from EUR 24.8 million to EUR 63.2 million, including EUR 68.7 million result from discontinued operations
- Net financial debt (cash): EUR 4.6 million, including IFRS 16 lease liabilities
- Proposal to pay a gross dividend of EUR 0.26 per share

Olivier Chapelle (CEO): *"After a -17.5% sales decline in 1H2020 caused by the COVID-19 lockdown, the 2H2020 was marked by significant sales fluctuations varying from one business segment or country to another, influenced by the subsequent waves of the COVID pandemic and the related precautionary measures taken by national governments. In this difficult context, we managed to generate a robust 7.0% sales growth in 2H2020 and a 10.0% increase in Adjusted EBITDA.*

Numerous 'force majeure' events at the premises of our chemical raw material suppliers have created and continue to create supply shortages of polyols and isocyanates. Our suppliers have used this situation to implement price increases at an historically high pace, leading to new all-time highs. In response to this, we were compelled to mitigate these cost increases through corresponding sale price increases. The situation is expected to normalize as of 3Q2021.

2020 has also been a milestone year for the important strategic repositioning of our Group. We have at last succeeded in divesting our Automotive Interiors operations, which, together with the disposal of our 50% participation in the Eurofoam joint venture, has enabled the signing of the acquisition of FoamPartner. This transaction will create a truly global player in Engineered Foams.

While pursuing further external growth opportunities, the Board of Directors has now also decided to launch a divestment process for our Bedding division, in line with our amended strategy."

OUTLOOK

Our underlying end-use markets remain difficult to predict in the context of the COVID-19 pandemic. Regardless of these uncertainties, our Group confirms its expectation to realise in 2021 a substantial increase in sales, and at least a 30% increase of its Adjusted EBITDA, not taking into account the contribution from the FoamPartner and the Gór-Stal acquisitions, nor the related synergies.

1 Following the partial divestment from Automotive Interiors on 30 June 2020 (see press release of 01 July 2020), Automotive Interiors is integrated in the consolidated accounts according to the 'equity method'. Following the loss of control as a result of the partial divestment of Automotive Interiors and the sale of Eurofoam, the 2019 consolidated income statement was restated to present these as discontinued operations.
To facilitate comparisons and understanding of the Group's underlying performance, all comments in this document on developments in revenue or results are made on a like-for-like basis unless otherwise indicated.

2.1.1. Consolidated Group results

in million EUR

Income statement	2H2019 as published	2H2019 restated [1]	2H2020	Δ %	FY2019 as published	FY2019 restated [1]	FY2020	Δ %
Sales	**502.4**	**424.7**	**454.5**	**7.0%**	**1 038.5**	**878.5**	**828.8**	**-5.7%**
Gross profit	89.9	80.7	91.7	13.6%	191.1	168.7	157.0	-6.9%
as % of sales	*17.9%*	*19.0%*	*20.2%*		*18.4%*	*19.2%*	*18.9%*	
Income from associates [3]	4.5	0.6	0.3	-53.8%	9.3	1.3	0.7	-45.7%
Adjusted EBITDA	**n.a.**	**36.1**	**39.8**	**10.0%**	**n.a.**	**70.7**	**58.8**	**-16.8%**
as % of sales		*8.5%*	*8.7%*			*8.1%*	*7.1%*	
EBITDA	**42.0**	**30.3**	**34.2**	**12.9%**	**95.3**	**60.7**	**51.6**	**-15.0%**
as % of sales	*8.4%*	*7.1%*	*7.5%*		*9.2%*	*6.9%*	*6.2%*	
Adjusted operating profit (loss)	**n.a.**	**18.0**	**22.6**	**25.5%**	**n.a.**	**34.8**	**23.5**	**-32.5%**
as % of sales		*4.2%*	*5.0%*			*4.0%*	*2.8%*	
Operating profit (loss)	**12.4**	**12.1**	**16.7**	**37.9%**	**37.1**	**24.4**	**13.8**	**-43.3%**
as % of sales	*2.5%*	*2.9%*	*3.7%*		*3.6%*	*2.8%*	*1.7%*	
Financial result	(3.6)	(1.4)	(2.6)	79.1%	(8.2)	(4.2)	(5.1)	21.9%
Income from other associates [3]	-	(1.6)	(2.8)	n.m.	-	1.0	(5.8)	n.m.
Impairment other associates	-	0.0	(5.5)	n.m.	-	0.0	(5.5)	n.m.
Change in fair value of option structures	-	0.9	(0.6)	n.m.	-	3.8	1.1	n.m.
Income taxes	(0.2)	1.7	(2.0)	-213.3%	(4.2)	(0.9)	(4.0)	354.3%
Result of the period of the continuing operations	**8.6**	**11.7**	**3.2**	**-72.7%**	**24.7**	**24.0**	**(5.5)**	**-123.0%**
Result of the discontinued operations	0.0	(3.1)	(0.1)	n.m.	0.0	0.7	68.7	n.m.
Result of the period (share of the Group)	**8.7**	**8.7**	**3.0**	**-64.9%**	**24.8**	**24.8**	**63.2**	**155.0%**
Result of the period (share of the Group) - base (per share, in EUR)	*0.16*	*0.16*	*0.04*	*-73.3%*	*0.45*	*0.45*	*1.13*	*153.5%*

Net sales	31 Dec 2019	31 Dec 2019 restated [1]	31 Dec 2020		31 Dec 2019	31 Dec 2019 restated [1]	31 Dec 2020	
Total Equity	**275.4**	**275.4**	**334.8**	**21.6%**	**275.4**	**275.4**	**334.8**	**21.6%**
Net Financial Debt (incl. IFRS 16 - Leases)	168.6 [2]	96.7 [2]	4.6	-95.2% [2]	168.6 [2]	96.7 [2]	4.6	-95.2%
Gearing ratio (Net financial debt/ Total Equity)	**61.2%**	**35.1%**	**1.4%**		**61.2%**	**35.1%**	**1.4%**	
Leverage ratio (Net financial debt/ EBITDA)	**2.0**	**1.6**	**0.1**		**1.8**	**1.6**	**0.1**	

The following changes in the scope of consolidation took place in 2020:

- Disposal of the 50% participation in the Eurofoam group (Flexible Foams) on 30 June 2020.
- Partial divestment of the Automotive Interiors activities on 30 June 2020, now operated through a new 51/49% Admetos/ Recticel joint venture.

Consequently, the 1H2020 net result of the Automotive Interiors activities and Eurofoam are reported under discontinued operations and the 2H2020 net result of Automotive Interiors is included under 'Income from other associates'.

The Automotive segment is no longer reported separately.

Sales of chemical raw materials at cost to the Proseat and Automotive Interiors companies, which were reported under the segment Automotive until 2019, are now integrated under "Corporate/Eliminations".

Net Sales: on a like-for-like basis[1] sales decreased by 5.7% from EUR 878.5 million[1] to **EUR 828.8 million**, including a currency impact of -0.3%.

Sales recovered strongly in the second half-year (+7.0% y/y), after a first half-year severely impacted by the first wave of the COVID-19 pandemic (-17.5% y/y). Despite the development of a second COVID-19 wave since the autumn, sales increased over the third (+2.5%) and fourth quarter (+11.5%), supported by recovering volumes and higher selling prices, compensating for the steep increase in chemical raw material costs induced by many force majeure events at our main suppliers.

Breakdown of the sales by segment

in million EUR

Net sales	FY2019 restated [1]	1Q2020	2Q2020	3Q2020	4Q2020	FY2020	Δ FY
Flexible Foams	361.1	89.4	57.7	81.5	93.3	322.0	-10.8%
Bedding	242.3	65.2	44.0	68.3	64.3	241.8	-0.2%
Insulation	247.2	60.7	52.0	65.0	71.5	249.2	0.8%
Corporate / Eliminations	28.0	6.2	(1.0)	2.6	8.0	15.8	-43.5%
TOTAL CONSOLIDATED SALES	**878.5**	**221.5**	**152.8**	**217.4**	**237.2**	**828.8**	**-5.7%**

in million EUR

	restated [1]			1Q2020	2Q2020	1H2020	2020 versus 2019 restated		
	1Q2019	2Q2019	1H2019				Δ 1Q	Δ 2Q	Δ 1H
Flexible Foams	96.8	92.6	189.4	89.4	57.7	147.1	-7.7%	-37.7%	-22.3%
Bedding	64.3	55.6	119.8	65.2	44.0	109.2	1.4%	-20.7%	-8.9%
Insulation	62.5	67.4	129.8	60.7	52.0	112.7	-2.9%	-22.8%	-13.2%
Corporate / Eliminations	4.6	10.1	14.7	6.2	(1.0)	5.2	33.3%	-110.2%	-64.9%
TOTAL CONSOLIDATED SALES	**228.3**	**225.6**	**453.8**	**221.5**	**152.8**	**374.3**	**-3.0%**	**-32.3%**	**-17.5%**

	restated [1]						2020 versus 2019 restated		
	3Q2019	4Q2019	2H2019	3Q2020	4Q2020	2H2020	Δ 3Q	Δ 4Q	Δ 2H
Flexible Foams	84.3	87.4	171.7	81.5	93.3	174.8	-3.3%	6.8%	1.8%
Bedding	57.8	64.6	122.4	68.3	64.3	132.5	18.1%	-0.6%	8.2%
Insulation	62.9	54.4	117.3	65.0	71.5	136.5	3.3%	31.5%	16.4%
Corporate / Eliminations	7.0	6.3	13.3	2.6	8.0	10.7	-62.6%	28.0%	-19.8%
TOTAL CONSOLIDATED SALES	**212.0**	**212.7**	**424.7**	**217.4**	**237.2**	**454.5**	**2.5%**	**11.5%**	**7.0%**

	restated [1]			1H2020	2H2020	FY2020	2020 versus 2019 restated		
	1H2019	2H2019	FY2019				Δ 1H	Δ 2H	Δ 1H
Flexible Foams	189.4	171.7	361.1	147.1	174.8	322.0	-22.3%	1.8%	-10.8%
Bedding	119.8	122.4	242.3	109.2	132.5	241.8	-8.9%	8.2%	-0.2%
Insulation	129.8	117.3	247.2	112.7	136.5	249.2	-13.2%	16.4%	0.8%
Corporate / Eliminations	14.7	13.3	28.0	5.2	10.7	15.8	-64.9%	-19.8%	-43.5%
TOTAL CONSOLIDATED SALES	**453.8**	**424.7**	**878.5**	**374.3**	**454.5**	**828.8**	**-17.5%**	**7.0%**	**-5.7%**

All segments reported higher sales during 2H2020:

- Flexible Foams sales increased by 1.8% over 2H2020. Volumes remained subdued due to a combination of softer demand linked to 2H2020 COVID-19 restrictions and to limited availability of chemical raw materials. Increased chemical raw materials costs were passed on to the market as from September 2020, resulting in higher selling prices.
- Bedding sales increased by 8.2% over 2H2020, thanks to very strong demand as soon as the restrictions imposed on retail shopping in most European countries between March and May 2020 were lifted. Sales have grown significantly over 3Q2021 (+18.1%) on the back of a strong orderbook, but 4Q2020 was stable (-0.6% y/y), due to raw material supply constraints.
- Insulation sales increased by 16.4% over 2H2020, with strong volumes throughout 2H2020 in combination with higher selling prices resulting from the increase in chemical raw material input costs.

Adjusted EBITDA: EUR 58.8 million versus EUR 70.7 million[1] in 2019.

Adjusted EBITDA margin of 7.1% versus 8.1%[1] in 2019.

Breakdown of the Adjusted EBITDA by segment

in million EUR

Adjusted EBITDA	1H2019 restated[1]	2H2019 restated[1]	FY2019 restated[1]	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	18.8	18.3	37.2	10.3	18.3	28.6	-45.4%	-0.3%	-23.1%
Bedding	6.9	9.9	16.9	4.5	13.7	18.2	-34.6%	37.7%	8.0%
Insulation	17.1	14.5	31.6	11.3	16.4	27.7	-33.9%	13.0%	-12.3%
Corporate	(8.2)	(6.7)	(14.9)	(7.0)	(8.6)	(15.6)	-14.4%	29.4%	5.2%
TOTAL CONSOLIDATED ADJUSTED EBITDA	**34.6**	**36.1**	**70.7**	**19.1**	**39.8**	**58.8**	**-44.9%**	**10.0%**	**-16.8%**

Although COVID-19 particularly impacted Adjusted EBITDA in 1H2020 (-44.9% y/y), a solid recovery was observed in 2H2020, with an Adjusted EBITDA growth of +10.0% y/y.

After a first half during which the negative volume impact could be mitigated to a great extent by cost saving measures and the implementation of temporary unemployment, 2H2020 benefitted from recovering volumes in Insulation and Bedding and disciplined selling price adjustments to compensate for the higher chemical raw material costs.

Many force majeure events have occurred after the restart of the suppliers' production lines - which had been stopped during the first lockdown -, and have resulted in an extremely tight supply situation over the last 4 months of the year. The shortage has been invoked by our suppliers to increase their prices at a historical speed, and to new record levels. The Group has implemented selling price increases accordingly to protect its profit margins.

Adjusted operating profit (loss): EUR 23.5 million
versus EUR 34.8 million[1] in 2019. Adjusted operating profit (loss) margin of 2.8% versus 4.0%[1] in 2019.

Breakdown of the Adjusted operating profit (loss) by segment

in million EUR

Adjusted operating profit (loss)	1H2019 restated[1]	2H2019 restated[1]	FY2019 restated[1]	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	12.0	11.1	23.1	3.1	11.2	14.4	-73.8%	1.4%	-37.7%
Bedding	2.5	5.7	8.2	0.0	10.2	10.2	-99.4%	79.1%	25.5%
Insulation	11.5	9.4	20.9	5.9	11.2	17.1	-48.4%	19.1%	-18.0%
Corporate	(9.1)	(8.2)	(17.2)	(8.2)	(10.0)	(18.2)	-9.9%	22.8%	5.6%
TOTAL ADJUSTED OPERATING PROFIT (LOSS)	**16.8**	**18.0**	**34.8**	**0.9**	**22.6**	**23.5**	**-94.7%**	**25.5%**	**-32.5%**

Adjustments to Operating profit (loss):

in million EUR

Adjustments to Operating profit (loss)	1H2019 restated[1]	2H2019 restated[1]	FY2019 restated[1]	1H2020	2H2020	FY2020
Restructuring charges and provisions	(1.1)	(5.6)	(6.7)	(1.4)	(0.6)	(2.0)
Other	(3.1)	(0.3)	(3.4)	(0.3)	(4.9)	(5.2)
Total impact on EBITDA	**(4.2)**	**(5.8)**	**(10.0)**	**(1.7)**	**(5.5)**	**(7.2)**
Impairments	(0.3)	(0.1)	(0.4)	(2.1)	(0.4)	(2.4)
Total impact on Operating profit (loss)	**(4.5)**	**(5.9)**	**(10.4)**	**(3.8)**	**(5.9)**	**(9.7)**

Adjustments to Operating profit (loss) in 2020 include mainly (i) reorganisation charges in Flexible Foams (EUR 0.9 million) and Bedding (EUR 1.0 million), (ii) due diligence and legal fees and expenses linked to the FoamPartner acquisition - cfr press release of 10 November 2020 - (EUR 4.9 million) and (iii) impairments on 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).

EBITDA: EUR 51.6 million
versus EUR 60.7 million[1] in 2019. EBITDA margin of 6.2% versus 6.9%1 in 2019.

Breakdown of EBITDA by segment

in million EUR

EBITDA	1H2019 restated[1]	2H2019 restated[1]	FY2019 restated[1]	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	19.3	14.9	34.1	9.5	17.9	27.4	-50.9%	20.1%	-19.9%
Bedding	6.8	9.3	16.0	3.5	13.6	17.1	-47.6%	46.7%	7.0%
Insulation	17.1	14.4	31.4	11.2	16.3	27.5	-34.3%	13.4%	-12.5%
Corporate	(12.7)	(8.2)	(20.9)	(6.8)	(13.6)	(20.4)	-46.0%	64.9%	-2.3%
TOTAL CONSOLIDATED EBITDA	**30,4**	**30,3**	**60,7**	**17,4**	**34,2**	**51,6**	**-42,8%**	**12,9%**	**-15,0%**

Operating profit (loss): EUR 13.8 million
versus EUR 24.4 million[1] in 2019.

Operating profit (loss) margin of 1.7% versus 2.8%[1] in 2019.

Breakdown of Operating profit (loss) by segment

in million EUR

Operating profit (loss)	1H2019 restated[1]	2H2019 restated[1]	FY2019 restated[1]	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	12.4	7.6	20.0	1.2	10.7	11.9	-90.1%	40.8%	-40.6%
Bedding	2.0	5.0	7.0	(1.9)	10.0	8.1	-194.7%	97.5%	15.1%
Insulation	11.4	9.3	20.7	5.8	11.1	16.9	-48.8%	19.9%	-18.0%
Corporate	(13.5)	(9.7)	(23.3)	(8.1)	(15.0)	(23.1)	-40.2%	54.2%	-0.8%
TOTAL OPERATING PROFIT (LOSS)	**12.3**	**12.1**	**24.4**	**(2.9)**	**16.7**	**13.8**	**-123.5%**	**37.7%**	**-43.4%**

Financial result: from EUR -4.2 million[1] to **EUR -5.1 million:**

Net interest charges: EUR -3.4 million – of which EUR -2.1 million relating to leases – versus EUR -2.8 million[1] in 2019.

'Other net financial income and expenses': EUR -1.7 million versus EUR -1.4 million[1] in 2019. This item comprises mainly interest capitalisation costs under provisions for pension liabilities (EUR -0.3 million versus EUR -0.8 million[1] in 2019) and exchange rate differences (EUR -1.4 million versus EUR -0.6 million[1] in 2019).

Income from other associates : EUR -5.7 million relates to the reported results in Proseat (EUR -5.1 million) and in Automotive Interiors (EUR -0.6 million).

Impairment other associates : EUR -5.5 million on the Proseat participation.

Fair value of option structures : EUR +1.1 million relates to an adjustment of the fair value of the put/call structure on the 25% Proseat participation. The put/call structure on the remaining 49% participation in the Automotive Interiors joint-venture has been maintained at a 'zero' value given the uncertainties over the period until the earliest exercise date of the options (2024).

Income and deferred taxes: from EUR -0.9 million[1] to **EUR -4.0 million:**

- Current income tax: EUR -4.0 million (2019: EUR -3.6 million[1]);
- Deferred tax: EUR -0.02 million (2019: EUR +2.7 million[1]).

Result of the period from continuing operations: EUR -5.5 million versus EUR +24.1 million[1] in 2019.

Result from discontinued operations: EUR +68.7 million

The total result of discontinued operations consists of:

(i) the net gain related to the divestment of the 50% participation in the Eurofoam group,
(ii) the net loss realised on the sale of 49% of the Automotive Interiors activities, and
(iii) the pro rata share of the 1H2020 result of the period after taxes of Eurofoam (50%) and Automotive Interiors activities (100%).

Consolidated result of the period (share of the Group): EUR + 63.2 million versus EUR 24.7 million in 2019.

2.1.2. Financial position

in million EUR

Equity - financial debt	31 DEC 2019	31 MAR 2020	30 JUN 2020	30 SEP 2020	31 DEC 2020
TOTAL EQUITY	276.6	-	331.5	-	334.8
Net financial debt excluding factoring	88.6	121.4	(11.4)	(43.7)	(47.9)
+ Drawn amounts under factoring programs	47.1	32.1	0.0	0.0	0.0
+ Impact of application IFRS 16	80.0	77.6	55.2	52.9	52.5
TOTAL CONSOLIDATED NET FINANCIAL DEBT	215.6	231.1	43.8	9.3	4.6
GEARING RATIO (INCL. IFRS 16)	60.9%	-	13.2%	-	1.4%
LEVERAGE RATIO (INCL. IFRS 16)	1.8	-	0.7	-	0.1

The Group's net cash position - excluding IFRS16 debt - increased by EUR 4.2 million over 4Q2020 to reach EUR 47.9 million.

On 4 December 2020 the Group entered into (i) a new EUR 100 million syndicated revolving credit facility to replace the EUR 175 million 'club deal' facility maturing in February 2021 and (ii) a EUR 205 million acquisition financing facility to finance the acquisition of FoamPartner (cfr press release of 10 November 2020).

Both facilities have been arranged and underwritten by KBC Bank. Belfius Bank, BNP Paribas Fortis, Commerzbank and LCL confirmed their participation. Both facilities have a 3-year tenor with two 1-year extension options.

2.1.3. Market segments

2.1.3.1. Flexible Foams

in million EUR

Flexible Foams results	1H2019 restated[1]	2H2019 restated[1]	FY2019 restated[1]	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Sales	189,4	171,7	361,1	147,1	174,8	322,0	-22,3%	1,8%	-10,8%
Adjusted EBITDA	18,8	18,3	37,2	10,3	18,3	28,6	-45,4%	-0,3%	-23,1%
as % of sales	*9,9%*	*10,7%*	*10,3%*	*7,0%*	*10,5%*	*8,9%*			
EBITDA	19,3	14,9	34,1	9,5	17,9	27,4	-50,9%	20,1%	-19,9%
as % of sales	*10,2%*	*8,7%*	*9,5%*	*6,4%*	*10,2%*	*8,5%*			
Adjusted operating profit (loss)	12,0	11,1	23,1	3,1	11,2	14,4	-73,8%	1,4%	-37,7%
as % of sales	*6,3%*	*6,5%*	*6,4%*	*2,1%*	*6,4%*	*4,5%*			
Operating profit (loss)	12,4	7,6	20,0	1,2	10,7	11,9	-90,1%	40,8%	-40,6%
as % of sales	*6,6%*	*4,4%*	*5,5%*	*0,8%*	*6,1%*	*3,7%*			

Sales

Fourth quarter 2020
Sales increased by 6.8% in 4Q2020 from EUR 87.4 million[1] in 4Q2019 to **EUR 93.3 million**, including a -1.7% impact from exchange rate differences. External sales increased by 6.0% from EUR 79.9 million[1] to EUR 84.7 million, including the impact of passing on higher chemical raw material costs to the market.

Full-year 2019
Although market demand restored as of September, COVID-induced sales reduction in 1H2020 (-22.3% on a like-for-like[1] basis), could not be compensated during 2H2020 (+1.8%). Sales decreased from EUR 361.1 million[1] to **EUR 322.0 million** (-10.8%), including a -0.9% impact from exchange rate differences. External sales decreased by 12.0% from EUR 332.0 million[1] to EUR 292.2 million.

Selling prices were increased as of September 2020 to compensate for the steep surge in chemical raw material prices following several force majeure events and other supply issues in the upstream value chain.

Profitability
Although profitability gradually improved after Q2, the like-for-like[1] Adjusted EBITDA margin decreased to 8.9% (2019: 10.3%[1]). The margin reduction is fully explained by the negative volume impact leading to unabsorbed fixed costs, partially mitigated by cost saving measures, including temporary unemployment and pricing efforts.

EBITDA includes adjustments for EUR -1.2 million (2019: EUR -3.0 million[1]): of which EUR -0.9 million of restructuring charges in The Netherlands and Spain.

2.1.3.2. Insulation

in million EUR

Insulation results	1H2019 restated[1]	2H2019 restated[1]	FY2019 restated[1]	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Sales	**129.8**	**117.3**	**247.2**	**112.7**	**136.5**	**249.2**	**-13.2%**	**16.4%**	**0.8%**
Adjusted EBITDA	**17.1**	**14.5**	**31.6**	**11.3**	**16.4**	**27.7**	**-33.9%**	**13.0%**	**-12.3%**
as % of sales	*13.1%*	*12.4%*	*12.8%*	*10.0%*	*12.0%*	*11.1%*			
EBITDA	**17.1**	**14.4**	**31.4**	**11.2**	**16.3**	**27.5**	**-34.3%**	**13.4%**	**-12.5%**
as % of sales	*13.1%*	*12.3%*	*12.7%*	*9.9%*	*11.9%*	*11.0%*			
Adjusted operating profit (loss)	**11.5**	**9.4**	**20.9**	**5.9**	**11.2**	**17.1**	**-48.4%**	**19.1%**	**-18.0%**
as % of sales	*8.8%*	*8.0%*	*8.4%*	*5.2%*	*8.2%*	*6.9%*			
Operating profit (loss)	**11.4**	**9.3**	**20.7**	**5.8**	**11.1**	**16.9**	**-48.8%**	**19.9%**	**-18.0%**
as % of sales	*8.8%*	*7.9%*	*8.4%*	*5.2%*	*8.1%*	*6.8%*			

Sales

Fourth quarter 2020
Sales increased from EUR 54.4 million in 4Q2019 to **EUR 71.5 million** in 4Q2020 (+31.5%), including a -1.5% impact of exchange rate differences.

The sales increase results from strong volume development and selling price increases implemented to compensate for the steep surge in chemical raw material prices following a tighter supply in the upstream supply chain.

The new plant in Finland continues to increase its output.

In 4Q2020 demand for VIP (vacuum insulation panel) material has sharply increased, boosted by demand for ultra-high performance insulation materials needed for the transportation and storage of COVID-19 vaccines.

Full-year 2020
Despite the impact of COVID-19 – mainly in 2Q2020 –, sales slightly exceeded the level of 2019 thanks to solid demand leading to increased volumes: **EUR 249.2 million** versus EUR 247.2 million to (+0.8%), including a currency impact of -0.5%.

EC stimulus plans and green regulatory incentives will remain a key volume driver in Europe in 2021.

Profitability
Adjusted EBITDA margin of 11.1% versus 12.8% in 2019.

The profitability decline in 2020 results from (i) lower profit in 1H2020 due to sub-critical asset utilisation linked to COVID-19 impacted volumes, and (ii) higher profit in 2H2020 due to strong volumes, but partially mitigated by steep raw material price increases.

The new Finnish plant ramp-up is progressing well taking into account the COVID-19 impact and is expected to lead to break-even in 2H2021.

2.1.3.3. Bedding

in million EUR

Bedding results	1H2019 restated[1]	2H2019 restated[1]	FY2019 restated[1]	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Sales	**119.8**	**122.4**	**242.3**	**109.2**	**132.5**	**241.8**	**-8.9%**	**8.2%**	**-0.2%**
Adjusted EBITDA	**6.9**	**9.9**	**16.9**	**4.5**	**13.7**	**18.2**	**-34.6%**	**37.7%**	**8.0%**
as % of sales	*5.8%*	*8.1%*	*7.0%*	*4.2%*	*10.3%*	*7.5%*			
EBITDA	**6.8**	**9.3**	**16.0**	**3.5**	**13.6**	**17.1**	**-47.6%**	**46.7%**	**7.0%**
as % of sales	*5.6%*	*7.6%*	*6.6%*	*3.2%*	*10.3%*	*7.1%*			
Adjusted operating profit (loss)	**2.5**	**5.7**	**8.2**	**0.0**	**10.2**	**10.2**	**-99.4%**	**79.1%**	**25.5%**
as % of sales	*2.0%*	*4.7%*	*3.4%*	*0.0%*	*7.7%*	*4.2%*			
Operating profit (loss)	**2.0**	**5.0**	**7.0**	**(1.9)**	**10.0**	**8.1**	**-194.7%**	**97.5%**	**15.1%**
as % of sales	*1.7%*	*4.1%*	*2.9%*	*-1.7%*	*7.5%*	*3.3%*			

Sales

Fourth quarter 2020
Sales slightly decreased from EUR 64.6 million in 4Q2019 to **EUR 64.3 million** in 4Q2020 (-0.6%), including a +0.7% impact of exchange rate differences. External sales decreased by 0.1% to EUR 63.3 million in 4Q2020.

The strong momentum observed during 3Q2020 (+18.1%) - compensating for the volume shortfall in 2Q2020 (-20.7%) following the COVID-19 retail shopping restrictions imposed in most European countries – lost some of its momentum in 4Q2020 as new mobility restrictions (2nd COVID-19 wave) and raw material shortages dampened intrinsic volume growth.

Full-year 2020
Over 2020, sales remained stable despite the impact of COVID-19 on the retail sector. Sales amounted to **EUR 241.8 million** (-0.2%) versus EUR 242.3 million in 2019, including a +0.7% impact from exchange rate differences. External sales increased by 0.4% from EUR 237.3 million to EUR 238.2 million.

The sub-segment "Branded Products" (+3.8%) held firm given the challenging market environment, whereas the sub-segment "Non-Branded/Private Label" receded by 6.4%. Both sub-segments were heavily impacted during the second quarter by the COVID-19 retail shopping restrictions imposed in most European countries.

Profitability
The Adjusted EBITDA margin reached 7.5% versus 7.0% in 2019. The improved profitability was induced by positive mix effects and lower operating costs.

Despite the COVID-19 crisis, EBITDA increased from EUR 16.0 million to EUR 17.1 million; including non-recurring costs for EUR -1.1 million following the implementation of cost saving measures (2019: EUR -0.9 million).

2.1.4. Strategic review Bedding

The Board of Directors has completed the strategic review of the Bedding business segment and decided to divest the segment in order to focus on the core segments Insulation and Engineered Foams.

Recticel Bedding is a leading European manufacturer and distributor of branded and unbranded mattresses, slats, bed bases and finished beds. The business operates through a distinguished portfolio of brands including Geltex®, Schlaraffia®, Superba®, Swissflex®, Sembella®, Literie Bultex®, Beka® and Lattoflex® sold mainly in Belgium, Germany, the Netherlands, Poland, Austria and Switzerland.

The divestment will provide an opportunity for the segment to unlock its full potential under the ownership of a dedicated shareholder.

The next few months will be used to prepare the carve-out. J.P. Morgan has been retained to advise Recticel on the divestment.

2.1.5. Profit appropriation policy

The Annual General Meeting agrees on the appropriation of the amounts available for distribution based on a proposal from the Board of Directors.

When drawing up its proposal, the Board of Directors strives for the ideal balance between ensuring a stable dividend for shareholders and maintaining sufficient investment and self-financing opportunities to secure the company's longer-term growth.

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

in EUR

Profit appropriation		
Profit/(loss) for the financial year		(4 416 643,37)
Profit/(loss) brought forward from previous year	+	71 042 415,67
Profit/(loss) to be added to legal reserves	-	0,00
Profit/(loss) to be added to other reserves	-	0,00
Result to be appropriated	=	**66 625 772,30**
Gross dividend (1)	-	14 493 159,20
Profit to be carried forward	=	**52 132 613,10**

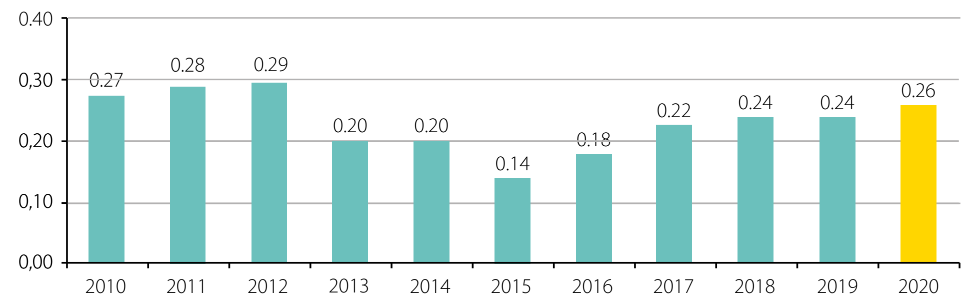
(1) Gross dividend per share of EUR 0.26, resulting in a net dividend after tax of EUR 0.182 per ordinary share.

2.1.6. Dividend payment

Subject to approval of the profit appropriation by the General Meeting of 25 May 2021, a dividend of EUR 0.26 gross will be paid per ordinary share, or EUR 0.182 net (-30% withholding tax). This dividend will be payable from 28 May 2021. KBC Bank acts as paying agent.

Payments for the registered shares will take place via bank transfer to the shareholders' bank accounts.

Gross dividend per share (in EUR)



Dividend Key Data

Gross dividend per share	EUR 0.26
Ex-coupon date	28 MAY 2021
Record date	31 MAY 2021
Dividend payment date	01 JUNE 2021

2.2. Corporate Governance Statement

A rigorous and transparent approach to internal control, risk management and external auditing is vital to our core objective of creating value for our stakeholders. This chapter provides factual information on corporate governance in general and, the application of the Belgian Corporate Governance Code 2020 (hereinafter also "the Code") during the last financial year in particular.

For more detailed information regarding the terms of reference of the Board of Directors, we invite you to consult the Recticel Corporate Governance Charter.

2.2.1. Applicable rules and reference code

Recticel publishes its Corporate Governance Charter on its website (www.recticel.com) in accordance with the requirements of the Belgian Corporate Governance Code 2020. The latest version is dated 27 April 2020. Any interested party can download the Charter there, or request a copy from the company's registered office. The Charter contains a detailed description of the governance structure and the company's governance policy.

As of this year, Recticel uses the new Belgian Governance Code of 2020 as reference code, which can be found on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).

Recticel complies with all recommendations contained in the reference code, except for the cases where it is explicitly stated in this statement below.

This chapter contains more factual information regarding corporate governance in general and, the application of the Belgian Corporate Governance Code 2020 (hereinafter also "the Code") during the last financial year in particular.

Recticel confirms its explicit choice for the monistic governance structure under the Belgian Companies and Associations Code. The Board of Directors is therefore authorized to undertake all necessary or useful actions to achieve the company's objective, except those that only the general meeting is authorized to perform by law. The authority granted to the Board of Directors was not further limited in the articles of association.

The terms of reference of the Board of Directors are described in more detail in Recticel's Corporate Governance Charter.

2.2.2. Internal control and risk management

Every entity exists to create value for the stakeholders and this forms the basis of risk management for every company. The challenge that faces the Board of Directors and executive management is in determining how much uncertainty they wish to accept in their strive for creating value. The value is maximized if the administration is successful in creating an optimal balance between growth and turnover on the one hand and the connected risks on the other.

Identifying and quantifying the risks and setting up and maintaining an efficient control mechanism is the responsibility of Recticel Group's Board of Directors and executive management.

The framework for internal control and risk management applied by the Recticel Group is based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) model and is in line with the requirements imposed by the Belgian Corporate Governance Code, taking into account the Recticel Group's size and specific needs.

Since mid-2010 the Board of Directors and the executive management have reviewed the framework for internal control and risk management and an amended Compliance programme is implemented.

The basis is formed by the revised Code of Ethics, applicable on all Recticel directors, corporate officers and employees, and published on Recticel's website: (https://www.recticel.com/sites/default/files/who_we_are/discover_the_recticel_group/business_ethics_integrity/01_Ethics_policy_English.pdf).

Important matters like ethics, safety, health and environment, quality, conflicts of interest, anti-trust, fraud and others are being dealt with.

Corporate policies have been elaborated to cover these principles that are further explained in the Business Control Guide, which provides more concrete and detailed guidelines, for instance guidelines on the level of Tax management, Treasury management, Accounting policies, Investments, Purchases, Mergers and Takeovers, and such. The internal financial reporting and control occurs based on the Group Accounting Manual, Group Accounting Methodology and Cost Accounting Methodology.

This Business Control Guide includes the general delegation of deciding powers and responsibilities for specific areas of competence.

The Board of Directors and executive management regularly reviews the most important risks that the Recticel Group is exposed to and submits a list of priorities. A general description of the risks can be found in the financial part of this annual report.

One of the objectives of the internal control and risk management system is also to ensure a timely, complete and accurate communication. To this end the Business Control Guide and all other guidelines contain the necessary regulations on roles and responsibilities. Also, the necessary attention is given to ensuring the security and confidentiality of the data exchange, if and when necessary.

In the event of violation of internal or external laws and regulations, the Recticel Group has also implemented a Group Policy for the Reporting of Misconduct and the Protection of Whistle-blowers to enable anyone to report on behaviour that may represent a violation of the applicable Code of Conduct, the Group Corporate Policies or any other laws and regulations.

Finally, the Audit committee, amongst others, has the task of informing and advising the Board of Directors regarding the annual follow up of the systems of internal control and risk management.

The Internal Audit Department works based on an Internal Audit Charter and has the primary function of delivering reports with opinions and other information indicating to which extent the internal audit meets predetermined criteria. The Internal Audit aims at providing the reasonable assurance that the strategic, operational, compliance and reporting objectives of the Recticel Group can be realized in the most efficient way. To this end they seek to ensure the following objectives:

- the reliability and integrity of the information;
- compliance with policies, plans, procedures, laws and agreements;
- safeguarding of assets;
- economical and efficient use of resources;
- achieving the goals set by operations and programs.

2.2.3. External audit

The external audit of Recticel SA/NV's company and consolidated annual accounts has been entrusted by the Annual General Meeting of 2019 to the limited liability cooperative company "DELOITTE Bedrijfsrevisoren", represented by Mr. Kurt DEHOORNE.

The Auditor conducts its audits in accordance with the International Standards on Auditing (ISA) and delivers a report, which confirms if the company's annual accounts and the consolidated financial statements of the company reflect a true and fair view of the assets, financial condition and results of the company. The Audit committee investigates and discusses these bi-annual reports in the presence of the Auditor, and afterwards also with the Board of Directors.

The remuneration of the Deloitte network (in its capacity as Auditor) for the audit of Recticel NV's annual and consolidated annual accounts intended in article 3:65 of the Belgian Companies and Associations Code, amounted to EUR 756K for 2019.

The global amount of the remuneration for additional services of the Statutory Auditor and parties related to the Statutory Auditor amounts to 72KEUR at the level of the Recticel Group.

The detail of these fees is included in the notes to VOL 6.18.2. in the statutory annual accounts as well as in the notes in the financial part of the consolidated annual report.

The annual fees of the statutory auditor amount to 376 KEUR, including domestic expenses and excluding IBR contribution, travel and accommodation expenses abroad and VAT.

The mandate of the Statutory Auditor will expire after this year's Ordinary General Meeting, as due to the legal limitation of the number of years during which the same auditor can act pursuant to Article 41 of the EU Regulation No. 537/2014, the Statutory Auditor is resigning, and this resignation will be submitted for approval at the aforementioned annual meeting, as also the appointment as statutory auditor, on the proposal of the audit company in the form of a cooperative company with limited liability "PWC Bedrijfsrevisoren", with registered office at Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe ", represented by Mr Marc DAELMAN, in order to exercise control over the financial years ending 31 December, 2021, 2022 and 2023.

2.2.4. Composition of the Board of Directors

Recticel's Board of Directors currently consists of nine members. There are eight non-executive directors, six of which are independent. OLIVIER CHAPELLE SRL/BV, represented by Mr. Olivier CHAPELLE, Managing Director, is the executive director.

The Managing Director represents the management and two directors represent the reference shareholder.

With reference to the obligation to have at least 1/3 of the members of the Board of Directors of the opposite gender as provided by article 7:86 of the Belgian Companies' and Associations Code, the Board of Directors reviewed different options during the last years in order to increase the number of female members. At present, three out of the nine directors are women. As a result, the obligation of article 7:86 of the Belgian Companies' and Associations Code is complied with. At the end of the mandate of Ms. Anne De Vos at the ordinary general meeting of 26 May 2020, a new female director has been appointed to replace her in order to further comply with the obligation of article 7:86 of the Belgian Companies' and Associations Code.

The following table provides an overview of the current members of Recticel's Board of Directors.

Name	Function	Type	Year of birth	Start of mandate	End of mandate	Primary function outside of Recticel	Membership committee
johnny THIJS (1)	Chairman	Independent	1952	2015	2021	President Electrabel, Hospital Logistics / Director Essers	AC / RC
Olivier CHAPELLE (2)	Managing Director	Executive	1964	2009	2022	Director Cofinimmo	MC
Benoit DECKERS (3)	Director	Non-executive	1964	2015	2021	CEO of Compagnie du Bois Sauvage SA	AC
Ingrid MERCKX (4)	Director	Independent	1966	2012	2022	Independent Consultant for IMRADA BV and RODINA NV	AC
Luc MISSORTEN (5)(6)	Director	Independent	1955	2015	2021	Director of GIMV	AC / RC
Kurt PIERLOOT (7)	Director	Independent	1972	2015	2021	CEO Bleckmann	RC
Frédéric VAN GANSBERGHE (8)(9)	Director	Non-executive	1958	2014	2021	Managing Director of GALACTIC NV	RC
Elisa VLERICK (10)	Director	Independent	1986	2019	2022	Partner at 9.5 Ventures VC fund, Executive director Vlerick Group.	
Carla SINANIAN	Director	Independent	1969	25/5/2020	2023	Chief Strategy Officer ETEX NV	

(1) in his capacity as Permanent Representative of THIJS JOHNNY BV
(2) in his capacity as Permanent Representative of OLIVIER CHAPELLE SRL
(3) in his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGES SERVICES SA
(4) in her capacity as Permanent Representative of IMRADA BV
(5) until 24/3/2020 in his capacity as Permanent Representative of REVALUE BV
(6) from 3/4/2020 in his capacity as Permanent Representative of LUBIS BV
(7) in his capacity as Permanent Representative of CARPE VALOREM BV
(8) until 31/3/2020 in his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE NV
(9) from 31/3/2020 in his capacity as Permananent Representative of COMPAGNIE DU BOIS SAUVAGE NV
(10) in her capacity as Permanent Representative of MOROXCO BV

AC = Audit Committee
RC = Renumeration and Nomination Committee
MC = Management Committee

Below is an overview of the members of Recticel's Board of Directors whose mandate came to an end during the 2020 financial year (not reappointed):

- IPGM Consulting Gmbh represented by Anne De Vos, independent director, term of office 2017 - 5/26/2020
- Pierre-Yves de Laminne de Bex, non-executive director, representative of Compagnie du Bois Savage NV, subsequent to his death on 3/19/2020.

Amendments since the previous annual report – statutory appointments – presentation of new directors

As proposed by the Board of Directors and based upon the recommendation made by the Remuneration and Nomination committee, the following has been decided during the Ordinary General Meeting dated 26 May 2020 :

- Establishment that the mandate of IPGM Consulting GmbH, represented by Ms. Anne De Vos, as independent director, expires after the Ordinary General Meeting of 26 May 2020. Decision to proceed with her replacement.
- The board of Directors recommends appointing Ms. Carla Sinanian as non-executive and independent director, for a term of three years expiring after the Ordinary General Meeting of 2023. Ms. Carla Sinanian has the following relevant professional qualifications and exercises already the following functions:

Ms. Carla Sinanian is a graduate in Engineering and worked in the past for Medtronic Inc, Synectics Medical, Philips, NXP, Akzo Nobel and Deloitte in strategic and commercial functions. In 2017 she joined ETEX as Chief Strategy Officer where she is until today member of the Executive Committee, responsible for strategy, corporate development and digital functions. She acquired relevant experience in the building materials industry.

In replacement of IPGM Consulting GmbH, represented by Ms. Anne De Vos, the General Meeting appointed Ms. Carla Sinanian as non-executive and independent director, for a term of three years expiring after the Ordinary General Meeting of 2023.

- Establishment that the mandate of Mr. Pierre-Yves de Laminne de Bex as permanent representative of Compagnie du Bois Sauvage SA, non-executive director, ended on 19 March 2020 as he passed away.

The General Meeting accepted the replacement of Mr. Pierre-Yves de Laminne de Bex by Mr. Frédéric Van Gansberghe as the new permanent representative of Compagnie du Bois Sauvage SA with effect as of 31 March 2020.

- The General Meeting accepted the resignation of Entreprises et Chemins de Fer en Chine SA, permanently represented by Mr. Frédéric Van Gansberghe, as non-executive director, with effect as of 31 March 2020. Decision not to proceed with a replacement.
- On 24 March 2020, upon recommendation by the Remuneration & Nomination Committee, the Board of Directors accepted the resignation of Revalue BV, permanently represented by Mr. Luc Missorten and decided to proceed with the co-optation of Lubis BV, permanently represented by Mr. Luc Missorten, as independent director, for a term starting on 24 March 2020 and expiring after the Ordinary General Meeting of 2021.

The General Meeting accepted the resignation of Revalue BV, permanently represented by Mr. Luc Missorten as independent director with effect as of 24 March 2020 and confirmed the appointment of Lubis BV, permanently represented by Mr. Luc Missorten, as independent director, for the remaining term of the mandate, i.e. for a term starting on 24 March 2020 and expiring after the Ordinary General Meeting of 2021.

- The General Meeting appointed Ms. Carla Sinanian as independent director in the meaning of article 7:87 of the Companies and Associations Code. Ms. Carla Sinanian meets all criteria as mentioned in article 7:87 of the Companies and Associations Code (as further developed through the function, family and financial criteria as provided by principle 3.5. of the Corporate Governance Code 2020).

- The General Meeting confirmed Lubis BV, permanently represented by Mr. Luc Missorten, as independent director in the meaning of article 7:87 of the Companies and Associations Code. Lubis BV and Mr. Luc Missorten each meet all criteria as mentioned in article 7:87 of the Companies and Associations Code (as further developed through the function, family and financial criteria as provided by principle 3.5. of the Corporate Governance Code 2020).

Upon advice of the Remuneration & Nomination Committee, the Board of Directors proposes at the Ordinary General Meeting of 25 May 2021 to approve the following:

Resolution n° 4.1.
Renewal of the mandate of THIJS JOHNNY BV, permanently represented by Mr. Johnny THIJS, as non-executive and independent director for a new term of one year ending after the Ordinary General Meeting of 2022.

Resolution n° 4.2.
Renewal of the mandate of COMPAGNIE DU BOIS SAUVAGE SERVICES NV, permanently represented by Mr. Benoit DECKERS, as a non-executive director for a new term of three years ending after the Ordinary General Meeting of 2024.

Resolution n°4.3.
Renewal of the mandate of COMPAGNIE DU BOIS SAUVAGE SA, permanently represented by Mr. Frédéric VAN GANSBERGHE, as non-executive director for a new term of three years ending after the Ordinary General Meeting of 2024.

Resolution n° 4.4
Renewal of the mandate of LUBIS BV, permanently represented by Mr. Luc MISSORTEN, as non-executive and independent director for a new term of three years ending after the Ordinary General Meeting of 2024.

Resolution n°4.5.
Renewal of the mandate of CARPE VALOREM BV, permanently represented by Mr. Kurt PIERLOOT, as non-executive and independent director for a new term of three years ending after the Ordinary General Meeting of 2024.

Resolution n° 5.1.
Confirmation as independent director of THIJS JOHNNY BV, permanently represented by Mr. Johnny THIJS within the meaning of article 7:87 of the Companies and Associations Code. Both Mr. Johnny THIJS and THIJS JOHNNY BV meet all criteria as stated in article 7:87 of the Companies and Associations Code (as further elaborated in the field of functional, family and financial criteria as provided by principle 3.5. Of the Corporate Governance Code 2020).

Resolution n° 5.2.
Confirmation as independent director of LUBIS BV, permanently represented by Mr. Luc MISSORTEN within the meaning of article 7:87 of the Companies and Associations Code. Both Mr. Luc MISSORTEN and LUBIS BV meet all the criteria as stated in article 7:87 of the Companies and Associations Code (as further elaborated in the field of functional, family and financial criteria as provided for by principle 3.5. Of Corporate Governance Code 2020).

Resolution n° 5.3.
Confirmation as independent director of CARPE VALOREM BV, permanently represented by Mr. Kurt PIERLOOT, within the meaning of article 7:87 of the Companies and Associations Code. Both Mr. Kurt PIERLOOT and CARPE VALOREM BV meet all the criteria as stated in article 7:87 of the Companies and Associations Code (as further elaborated in the field of functional, family and financial criteria as provided for by principle 3.5. Of the Corporate Governance Code 2020).

Functioning of the Board of Directors

The Board of Directors gathered a total of 10 times in 2020. One meeting handled mainly the 2020 budget and two meetings handled the establishment of the annual accounts as per 31 December 2019 and the mid-year accounts as per 30 June 2020.

Each meeting also addressed the state of affairs per business line and the most important current acquisition and/or divestment files. Other subjects (human resources, external communication, litigations and legal issues, delegations of authority and such) are discussed as and when necessary.

The written decision procedure was not applied in 2020.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Board of Directors.

The individual attendance rate of the directors at the meetings in 2020 was:

Name	Attendance rate in 2020
Johnny THIJS	10/10
Olivier CHAPELLE	10/10
Benoit DECKERS	9/10
Ingrid MERCKX	10/10
Luc MISSORTEN (1)	2/2
Luc MISSORTEN (2)	8/8
Kurt PIERLOOT	9/10
Frédéric VAN GANSBERGHE (3)	1/2
Frédéric VAN GANSBERGHE (4)	8/8
Anne DE VOS (5)	3/4
Elisa VLERICK	10/10
Carla SINANIAN (6)	5/6
Pierre-Yves de Laminne de Bex (7)	0/2

(1) until 24/3/2020 in his capacity as Permanent Representative of REVALUE BV
(2) from 3/4/2020 in his capacity as Permanent Representative of LUBIS BV
(3) until 31/3/2020 in his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE NV
(4) from 31/3/2020 in his capacity as Permanent Representive of COMPAGNIE DU BOIS SAUVAGE NV
(5) until 26/5/2020 in her capacity as Permanent Representative of IPGM Consulting GmbH
(6) from 26/5/2020
(7) in his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE. Decease on 19/2/2020.

The Board of Directors organises a self-assessment of its functioning as well as an assessment of its interaction with the members of the Management committee on a regular basis. Such self-assessment starts through a questionnaire to be remitted to and completed by each individual director. The results of the questionnaire are then be discussed and further analysed during a subsequent meeting of the Board of Directors. The last assessment took place in the middle of the year 2017. The individual assessment of the directors is done by the Remuneration and Nomination Committee. A formal assessment by an external partner was scheduled for 2020 but has not yet been completed due to circumstances and is still ongoing today; the Board of Directors is of the opinion that this deviation from 9.1. of the 2020 Corporate Governance Code does not pose any particular problems.

2.2.5. Committees set up by the Board of Directors

2.2.5.1. The Audit committee

In accordance with article 7:99 of the Belgian Companies and Associations Code, the audit committee supervises amongst others the financial reporting process, the effectiveness of the internal control and risk management systems of the company, the internal audit, the statutory control of the annual accounts and the consolidated accounts, and the Auditor's independence. The Audit committee's terms of reference are included in the Corporate Governance Charter that also describes more in detail the tasks of the Audit Committee.

The Audit committee currently consists of four members. All members are non-executive directors and three members, one of which is the Chairman, are independent directors in the sense of article 7:87,§1 of the Belgian Companies and Associations Code iuncto principle 3.5 of the Corporate Governance Code 2020.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Audit committee.

The composition of the Audit committee complies with the stipulations of Recticel NV's articles of association and the relevant provisions of the Belgian Companies and Associations Code.

In accordance with Article 7: 100 Belgian Companies and Associations Code, Recticel declares that the Chairman of the Audit Committee, Mr Luc MISSORTEN, has the necessary expertise in the field of accounting and auditing. The chairman and other members of the Audit Committee also have collective expertise in the area of the Company's activities.

The following table contains the members of the Audit committee during the financial year 2020 to date.

Name	Function	Attendance rate in 2020
Luc MISSORTEN (1)	Chairman	4/4
Johnny THIJS (2)	Member	2/4
Ingrid MERCKX (3)	Member	4/4
Benoit DECKERS (4)	Member	4/4

(1) In his capacity as Permanent Representative of REVALUE BV
(2) In his capacity as Permanent Representative of THIJS JOHNNY BV
(3) In her capacity as Permanent Representative of IMRADA BV
(4) In his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGES SERVICES SA

The Audit committee convened four times in 2020. Two meetings were devoted primarily to the audit of the annual accounts per 31 December 2019 and the interim accounts per 30 June 2020. All meetings also focus on the internal audit program, risk management, compliance, taxation and IFRS related accounting questions. There was at least two times a meeting with the statutory auditor and the person responsible for internal audit.

The Audit Committee conducts regularly an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same. In the beginning of 2017, a formal assessment was conducted. A formal assessment by an external partner was scheduled for 2020 but has not yet been completed due to circumstances and is still ongoing today; the Board of Directors is of the opinion that this deviation from 9.1. of the 2020 Corporate Governance Code does not pose any particular problems.

2.2.5.2. The Remuneration and Nomination Committee

The Remuneration and Nomination Committee makes proposals to the Board of Directors regarding the remuneration policy and the individual remuneration of directors and members of the Management committee and prepares and explains the remuneration report at the Ordinary General Meeting. They also make the necessary proposals regarding the evaluation and re-appointment of directors as well as the appointment and induction of new directors. The terms of reference of the Remuneration and Nomination Committee are included in Recticel's Corporate Governance Charter.

The Remuneration and Nomination Committee consists of four members, all non-executive directors, of which three are independent directors.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, fulfils the role of secretary of the Remuneration and Nomination Committee.

The composition of the Remuneration and Nomination committee meets the requirements with respect to the Belgian Companies and Associations Code, as well as the requirements of the Corporate Governance Code 2020.

The committee is composed as follows:

Name	Function	Attendance rate in 2020
Johnny THIJS (1)	Chairman	4/4
Kurt PIERLOOT (2)	Member	4/4
Frédéric VAN GANSBERGHE (3)	Member	0/1
Frédéric VAN GANSBERGHE (4)	Member	3/3
Luc MISSORTEN (5)	Member	1/1
Luc MISSORTEN (6)	Member	3/3

(1) in his capacity as Permanent Representative of THIJS JOHNNY BV
(2) in his capacity as Permanent Representative of CARPE VALOREM BV
(3) until 31/3/2020 his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE SA
(4) from 31/3/2020 in his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGE SA
(5) until 24/3/2020 in his capacity as Permanent Representative of REVALUE BV
(6) from 3/4/2020 in his capacity as Permanent Representative of LUBIS BV

In accordance with the article 7:100 of the Belgian Companies and Associations Code, Recticel declares that the Remuneration and Nomination committee possesses the necessary expertise in the area of remuneration policy.

The Remuneration and Nomination committee convened four times in 2020.

These meetings dealt with the fixed and variable remuneration of the executive management as well as with the election and re-election of directors. The CEO was present at the discussion about the remuneration of the other members of the executive management.

The Remuneration and Nomination Committee conducts regularly an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same. A formal assessment by an external partner was scheduled for 2020 but has not yet been completed due to circumstances and is still ongoing today; the Board of Directors is of the opinion that this deviation from 9.1. of the 2020 Corporate Governance Code does not pose any particular problems.

Ad hoc Strategy committee
There were no ad hoc strategy committee meetings in 2020.

2.2.6. The Executive Management

The Board of Directors has entrusted the day-to-day management of the company to its Managing Director and Chief Executive Officer, "OLIVIER CHAPELLE" SRL/BV, located in 1180 Brussels, Avenue de la Sapinière 28, represented by its General Manager and permanent representative, Mr. Olivier CHAPELLE.

The Managing Director is assisted by the Management committee, of which the members (for the period 2020 to present) are indicated in the following list:

Name	Function
Olivier CHAPELLE [(1)] [(2)]	Chief Executive Officer
Ralf BECKER	Group General Manager Insulation
Betty BOGAERT	Chief Information and Digitalisation Officer
Jean-Pierre DE KESEL [(3)]	Chief Sustainable Innovation Officer
François DESNE	Group General Manager Flexible Foams
Bart MASSANT [(4)]	Chief Human Resources Officer
Jean-Pierre MELLEN	Chief Financial Officer
Rob NIJSKENS [(5)]	Chief Human Resources Officer
Jan MEULEMAN [(6)]	Group General Manager Automotive
François PETIT	Chief Procurement Officer
Dirk VERBRUGGEN	General Counsel & General Secretary

[(1)] In his capacity as permanent representative of OLIVIER CHAPELLE SRL
[(2)] As from 20/01/2017 : Group General Manager Bedding
[(3)] As from 1/1/2020 as permanent representative of SUSTAINALOGIC BV
[(4)] Until 28/2/2021
[(5)] As from 1/3/2021
[(6)] Until 11/6/2020

The Management committee has an advisory role vis-à-vis the Board of Directors as a whole and is not an executive committee in the sense of article 7:104 of the Belgian Companies and Associations Code.

2.2.7. Remuneration report for financial year 2020

2.2.7.1. Introduction

a) 2020 business results

- The Net sales decreased by 5.7% from EUR 878.5 mio in 2019 to 828.8 mio in 2020.
- The Adjusted EBITDA decreased by 16.8% from EUR 70.7 mio in 2019 to 58.8 mio in 2020.
- The above results are explained by a significant decline in sales in the first half of the year (-17.5%) caused by the COVID-19 lockdown, balanced by a better second half (+ 7.0% sales and 10.0% Adjusted EBITDA) despite shortages of raw materials and resulting cost increases.
- Despite the difficult business environment, the Group succeeded in undertaking a major strategic repositioning with the divestment of the Automotive Interiors operations, the disposal of the 50% participation of Recticel in the Eurofoam joint venture and the signing of the acquisition of FoamPartner.

b) 2020 remuneration outcomes
Remuneration of Board and Committee members - In light of the Covid-19 crisis, and in line with the voluntary remuneration reductions implemented by the top management (see below), 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.

Remuneration of Management Committee Members

- **Impact of Covid pandemic** - The Covid pandemic has had a significant impact on the business and on the remuneration practices of Recticel in the year 2020. While a large part of the workforce was impacted by the system of temporary unemployment, Recticel implemented a pay cut of 30% for the members of its Management Committee for the second quarter. For the short term incentive, the setting of the collective objectives was delayed to take into account the dramatic business impact of the Covid pandemic in the first half of the year. In addition, the "Growth" objective was abandoned.

- **Annual bonus awards -** In accordance with our policy, Group Consolidated Net Cash Flow before dividends and Adjusted EBITDA are key drivers to determine the level of the annual bonus awards.
  - The level of Consolidated Net Cash Flow reached by the Group generated a pay out at maximum (125% of the pay out opportunity).
  - The level of Group Adjusted EBITDA was above target and generated a pay out of 92% of the pay out opportunity. For three Business Lines (Bedding, Flexible Foams and Insulation), the level of Adjusted EBITDA was higher than target and led to a pay out between 95% and 107% of the pay out opportunity.

  Further details are provided in the "STI" section of this report.

- **Stock options** - The 2016 stock option grant vested on 1 January 2020; several beneficiaries exercised their rights in the course of the year. Another grant was made in March 2020 at a strike price of EUR 6.70.

- **Divestments -** On 30 June 2020, Recticel confirmed the successful divestment of its Automotive division. As a consequence, the General Manager of the Automotive division is not a member of the Recticel Management Committee since 1 July 2020. Senior leaders of the Automotive division were paid a transaction bonus in July 2020. On 30 June 2020, Recticel also confirmed the successful divestment of its participation in the Eurofoam joint venture.

- **Remuneration report -** As of the year 2020, in accordance with the most recent requirements of the Code of Companies and Associations (CCA), the section 2.2.7.8. of the remuneration report includes the comparison of the evolution of the remuneration and the performance of the company as well as the pay ratio that compares the lowest and highest remuneration levels.

c) Shareholder engagement
The Annual General Meeting held on 26 May 2020 approved the 2019 remuneration report with 73.54% of shareholder votes. In establishing its remuneration policy and its future revisions, Recticel endeavours to take into account the votes and views of the shareholders. Recticel is committed to an open and transparent dialogue with its shareholders on remuneration as well as other governance matters.

d) Looking ahead

- **Annual bonus -** Following careful consideration, the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, decided that the same performance criteria as the ones used in 2020 (Group Consolidated Net Cash Flow before dividends, and Group and Business Line Adjusted EBITDA) will be used in the same proportions to award bonuses for performance year 2021. Given the volatility that is expected to continue due to COVID, the Business Line Growth objectives were not retained for the performance year 2021. The Committee will measure performance against the retained objectives throughout the year.

- **Multi-year variable -** In the context of a strategic reorientation plan, Recticel introduced a one-off strategic reorientation bonus arrangement for its CEO and one other member of the management committee in February 2020. This arrangement provides for the potential payment of a cash bonus upon the successful execution of the strategic reorientation plan provided that this occurs no later than 31 March 2022 (payment based on share price) and a potential second payment in 2023 depending on the evolution of the share price between the first payment and 31 March 2023. Payment is subject to the beneficiary still being engaged by the Company or qualifying as a Good Leaver on the relevant calculation date.

2.2.7.2. Our Remuneration Policy at a glance

The remuneration policy was reviewed and validated by the Remuneration Committee on February 25, 2019 and approved by the Board of Directors on 27 February 2019. The policy was adopted during the General Meeting of Shareholders on May 28, 2019 and became effective as of 1 January 2019. It is available for consultation on the company website. The contents of the policy were established following the requirements of the Shareholder Rights Directive, the Belgian Companies and Associations Code and the new Corporate Governance Code 2020.

a) Directors
Per policy terms, Directors receive a fixed fee / retainer and an attendance fee, whereas Committee Members receive attendance fees.

Directors	Board		Committee	
	Chair	Member	Chair	Member
Fixed fee	€ 30,000	€ 15,000	N/A	N/A
Attendance fee	€ 5,000	€ 2,500	€ 5,000	€ 2,500

In accordance with the policy, Non-Executive Board Members do not receive variable and/ or equity-related remuneration as referred to under principle 7.6. of the Corporate Governance Code 2020. Recticel considers that the Corporate Governance Code's goals of promoting the achievement of strategic objectives in accordance with the company's risk appetite and behavioural norms and promoting sustainable value creation are better served by remunerating the non-executive directors entirely in cash to avoid any conflicts of interest and guarantee their complete financial independence.
Non-Executive Board Members are not entitled to receive benefits. Expenses incurred when travelling abroad will be arranged for by Recticel directly.

Executive Directors are remunerated in accordance with the remuneration policy for the members of the Management Committee and any director fees paid to the Executive Directors are deducted from the remuneration received as a member of the Management Committee.

The level and structure of remuneration paid to the Directors is regularly assessed against "BEL Mid" market practice.

b) Management Committee
The level as well as the structure of the remuneration of the Management Committee members is reviewed annually by the Remuneration and Nomination Committee, which consequently presents a proposal to the Board of Directors for approval. When determining the remuneration levels for the members of the Management Committee, Recticel considers a Belgian frame of reference comprising companies similar in size (as compared on the basis of revenues) and exclusive of the Financial Sector. The objective is to establish target remuneration levels that, as a general rule, are at or around the median market level and this as far as the performance of the Company can afford it.

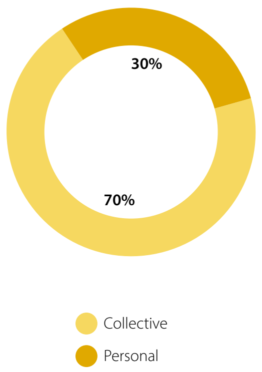
The total remuneration package of the Management Committee members consists of the following elements.

Element	Operation and performance criteria
Base Pay	Individual's role, experience, performance and market practice are considered when determining salary levels. Any director fees paid to the Executive Directors are deducted from the remuneration received as a member of the Management Committee.
Other Benefits	The Management Committee Members receive benefits in line with Recticel's remuneration policy, including hospitalization, disability coverage and a company car. Members operating through a management company do not receive perquisites and benefits, though certain costs may be invoiced separately.
One-Year Variable (STI)	**Operation:** • For threshold performance: the bonus pay-out will be nil. • For target performance: the bonus pay-out will be 75% of base pay for the CEO and 37.5% for the other Management Committee members. • For maximum performance: the bonus pay-out will be 117.5% of base pay for the CEO. For the other Management Committee members, it is 58.00% or 58.75% depending on whether they head a Business Line or a Function • No deferral policy is applicable. **Performance criteria:** The annual bonus is linked to both collective targets (both at group and divisional level, the latter only for positions with a divisional scope) and personal targets. Collective objectives are all quantitative and financially driven (e.g. Net Cash Flow, Adjusted EBITDA, …). Personal objectives include at least one target related to sustainable development. Exceptionally, for performance year 2020, due to the COVID pandemic, the performance criteria were adjusted as follows. See the section 2.2.7.7. "Derogations" for more contextual elements. • The respective weights of the Collective Objectives and the Personal Objectives remained unchanged (70% and 30% respectively). • For Group General Managers, it was concluded that the circumstances made one of the Collective Objectives (the GROWTH objective) irrelevant. Its weight (15%) was therefore re-assigned to the two other objectives: the weight of the Group Consolidated Net Cash Flow objective was increased from 30% to 35% and the weight of the Business Line Adjusted Ebitda was adjusted from 25% to 35%. • Accordingly, for the other members of the Management Committee (for whom no GROWTH objective used to apply), the weight of the Group Consolidated Net Cash Flow objective was adjusted from 30% to 35% and the weight of the Group Adjusted Ebitda objective from 40% to 35%.

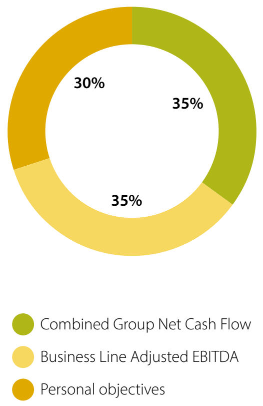
Type of collective objectives

Nature of collective objectives

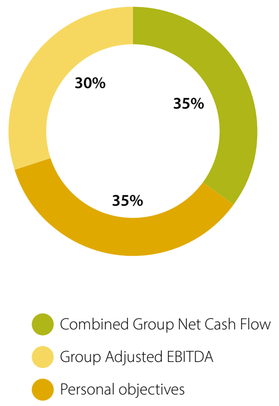
CEO & Other Members of the Management Comittee



Group General Managers



Other Management Comittee Members (incl.CEO)



Article 7:91 of the Belgian Companies and Associations Code prescribes the need to spread variable remuneration payments over a three year period in case certain thresholds are passed. The 25% threshold was passed in the case of the Managing Director and CEO, Olivier Chapelle SRL, represented by Olivier Chapelle. Hence the Board of Directors proposed to the 2020 General Shareholder meeting to approve a deviation from the said rule in line with the possibility offered by the legislation. This proposal was approved during the 2020 General Shareholders' meeting.

Element	Operation and performance criteria
Multi-Year Variable (LTI)	The long-term incentive plan is granted by means of stock options. Options granted in 2020 cannot be exercised before January 2024, nor can they be exercised later than 2 March 2027.
Dismissal period or severance pay	On termination of the employment of a member of the Management Committee by the company, Recticel will apply a notice of 12 months, unless other applicable legal mandatory provisions require to apply a higher number of months.
Pension	Members of the Management Committee employed before 2003 are included in the Recticel Group Defined Benefit Plan, members hired externally since 2003 are included in the Recticel Group Defined Contribution Plan.
Contract	The CEO and one other member of the Management Committee provide services through a management company.
Clawback	No clawback provisions are in place for the annual bonus plan, in deviation of principle 7.12 of the Corporate Governance Code 2020. Recticel considers that based on general principles of law, the company can recover payments (1) if they were undue or (2) in case of fraud. The company does not wish to renegotiate existing agreements with Management Committee members to provide for additional clawback possibilities.
Shareholding guidelines	The members of the Management Committee are encouraged to build stock ownership in the company up to an amount equivalent to 50% of their annual gross base pay over a period of 5 years, preferably by keeping part of the stocks that they purchase under the existing stock option plan.

2.2.7.3. Remuneration of the Non-Executive Directors

The following table sets out the total remuneration for each Non-Executive Director in 2020, in EUR.

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.

Name of Director	Fixed fee	Attendance Fees
THIJS JOHNNY BV, represented by Johnny Thijs	27,750	65,500
OLIVIER CHAPELLE SRL, represented by Olivier Chapelle	13,875	21,000
COMPAGNIE DU BOIS SAUVAGE SERVICES SA, represented by Benoit Deckers	13,875	27,750
COMPAGNIE DU BOIS SAUVAGE SA, represented by Frédéric Van Gansberghe [1]	13,875	22,750
ENTREPRISES ET CHEMIN DE FER EN CHINE SA, represented by Frederic Van Gansberghe [2]	3,750	2,500
IMRADA BV, represented by Ingrid Merckx	13,875	30,250
REVALUE BV, represented by Luc Missorten [3]	3,750	12,500
CARPE VALOREM BV, represented by Kurt Pierloot	13,875	27,750
IPGM Consulting GmbH, represented by Anne De Vos [4]	5,365	4,250
MOROXCO BV, represented by Elisa Vlerick	13,875	21,000
LUBIS BV, represented by Luc Missorten [5]	10,125	36,250
Carla SINANIAN [6]	8,509	11,750

[1] as from 31/3/2020
[2] until 31/3/2020
[3] until 24/3/2020
[4] until 26/5/2020
[5] as from 3/4/2020
[6] as from 26/5/2020

2.2.7.4. Remuneration of the Management Committee Members

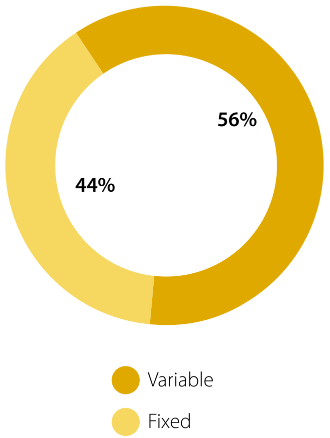
a) Total Remuneration

An overview of the total remuneration of the CEO and the other members of the Management Committee in 2020 can be found in the table below.

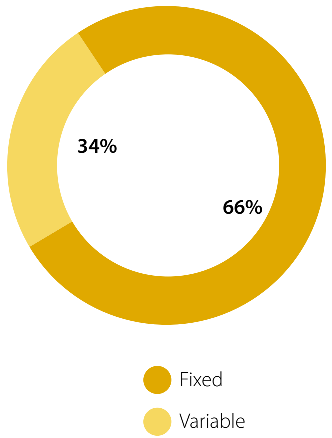
Incumbent name	1 – Fixed Remuneration		2 – Variable Remuneration		3 – Extraordinary items	4 – Pension Expense	5 – Total Remuneration (1+2+3+4)	Proportion of fixed and variable remuneration	
	Base Pay	Other Benefits	One-Year Variable	Multi-Year Variable				Fixed (1+4)/(5-3)	Variable 2/(5-3)
Olivier Chapelle SRL, represented by Olivier Chapelle (CEO)	€ 529,095 [1,2]	€ 1,188	€ 570,000	€ 116,100	€ 0	€ 0	€ 1,216,383	44%	56%
Other Members of the Management Committee	€ 2,073,116[2]	€ 247,867	€ 1,053,970	€ 309,600	€ 139,686 [3]	€ 336,427	€ 4,160,666	66%	34%

[1] Only the CEO receives fees as Executive Director. These are deducted from the base pay. Fees therefore are not presented in a separate column in the table above.
[2] The base pay takes into account the 30% pay cut implemented due to Covid in the second quarter of 2020.
[3] Extraordinary items include the transaction bonus paid following the successful divestment of the Automotive division.

Proportion of fixed and variable remuneration - CEO



Proportion of fixed and variable remuneration - Other members



b) Fixed remuneration

Base pay + Other Benefits

Fixed Remuneration

Base pay

The table below shows the base pay actually paid in 2020 to the CEO and the other members of the Management Committee and how it compares to 2019.

Incumbent Name	2020 with pay cut	2019	2020 vs. 2019 [2]	2020 without pay cut
Olivier Chapelle SRL represented by Olivier Chapelle (CEO and Group General Manager Bedding)	€ 529,095 [1]	€ 545,400	97%	€ 570,000
Other Members of the Management Committee	€ 2,073,116	€ 2,292,998	90%	€ 2,229,551

[1] The base pay levels for Olivier Chapelle SRL include the fees received as a Member of the Board of Directors (EUR 34.875 in 2020).
[2] The decrease of the base pay is due to the implementation of 30% pay cut in the context of the COVID pandemic during the second quarter of 2020 and to the end of the Management Committee membership of the General Manager of the Automotive Division on 30th June 2020.

Other benefits

The amounts mentioned in the column "Other benefits" in the total remuneration table in section 2.2.7.4. a) relate to the following benefits: insurances (death, disability, medical), company car (leasing costs), fuel costs, mobile phone costs and schooling costs, and exclude pension.

c) Variable Remuneration

One-year variable + Multi-year variable

Variable Remuneration

STI ("One-Year Variable")

2020 Performance against Targets

The achievement of the performance targets was measured during a period of time that started on 1 January 2020 and ended on 31 December 2020. As per our remuneration policy, the evaluation of the CEO's performance was done by the Remuneration and Nomination Committee on the basis of audited company results before presenting a proposal to the Board of Directors. The evaluation of the performance of the other Management Committee members was done by the CEO on the basis of audited company results, who then discusses this with the Remuneration and Nomination Committee before presenting a proposal to the Board of Directors.

In this report, the introduction section, the policy summary and the derogations section explain how the COVID pandemic impacted the determination of the STI objectives for the performance year 2020.

STI pay out for performance year 2020

Beneficiary	STI Objectives		% weight	Actual pay out (% base salary)[1]	Actual Amount
CEO	Collective Objectives	Group Consolidated Net Cash Flow before dividends	35.00%	43.75%	€ 249,375
		Adjusted EBITDA (Group)	35.00%	32.33%	€ 184,275
		Personal objectives	30.00%	23.92%	€ 136,350
		Total	100.00%	100.00%	€ 570,000
Other members of the Management Committee	Collective Objectives	Group Consolidated Net Cash Flow before dividends	35.00%	21.88%	€ 454,331
		Adjusted EBITDA (Business Line or Group, depending on role)	35.00%	16.46%	€ 343,001
		Personal objectives	30.00%	12.48%	€ 256,638
		Total	100.00%	50.82%	€ 1,053,970

[1] The percentage of actual bonus paid is calculated by comparing the actual amount of the bonus paid to the annual base pay without pay cut.

LTI ("Multi-Year Variable")

(i) Grant made in 2020

Name of Director (position)	Number of options granted	Strike Price	Total Theoretical Value at Grant
Olivier Chapelle (Chief Executive Officer & Group General Manager Bedding)	120,000	€ 6.70	€ 175,920
Ralf Becker (Group General Manager Insulation)	30,000	€ 6.70	€ 43,980
François Desné (Group General Manager Flexible Foams)	30,000	€ 6.70	€ 43,980
Jan Meuleman (Group General Manager Automotive) [1]	30,000	€ 6.70	€ 43,980
Betty Bogaert (Chief Information & Digitalisation Officer)	30,000	€ 6.70	€ 43,980
Jean-Pierre de Kesel (Chief Sustainable Innovation Officer) [2]	30,000	€ 6.70	€ 43,980
Bart Massant (Chief Human Resources Officer)	30,000	€ 6.70	€ 43,980
Jean-Pierre Mellen (Chief Financial Officer)	30,000	€ 6.70	€ 43,980
François Petit (Chief Procurement Officer)	30,000	€ 6.70	€ 43,980
Dirk Verbruggen (General Counsel & General Secretary)	30,000	€ 6.70	€ 43,980

[1] Member of the Management Committee until 30th June 2020.
[2] Represents Sustainalogic BV.

The theoretical value of the options at grant is calculated by applying the Black & Scholes formula, taking into account certain assumptions regarding dividend payment (dividend yield: 3.33%, interest rate: 0.00000001%, and volatility 24.4%). For the grant in March 2020, the value amounted to EUR 1.4660/warrant.

(ii) 2020 Vesting

The following stock options, relating to the April 2016 grant, vested on 1 January 2020.

Name of Director (position)	Number of options vested	Strike Price	Share Price at Vesting	Value at Vesting
Olivier Chapelle (Chief Executive Officer & Group General Manager Bedding)	45,000	€ 5.73	€ 8.31	€ 116,100
Ralf Becker (Group General Manager Insulation)	15,000	€ 5.73	€ 8.31	€ 38,700
Jan Meuleman (Group General Manager Automotive) [1]	15,000	€ 5.73	€ 8.31	€ 38,700
Betty Bogaert (Chief Information & Digitalisation Officer)	15,000	€ 5.73	€ 8.31	€ 38,700
Jean-Pierre de Kesel (Chief Sustainable Innovation Officer) [2]	15,000	€ 5.73	€ 8.31	€ 38,700
Bart Massant (Chief Human Resources Officer)	15,000	€ 5.73	€ 8.31	€ 38,700
Jean-Pierre Mellen (Chief Financial Officer)	15,000	€ 5.73	€ 8.31	€ 38,700
François Petit (Chief Procurement Officer)	15,000	€ 5.73	€ 8.31	€ 38,700
Dirk Verbruggen (General Counsel & General Secretary)	15,000	€ 5.73	€ 8.31	€ 38,700

[1] Member of the Management Committee until 30th June 2020.
[2] Represents Sustainalogic BV.

François Desné was appointed as Group General Manager Flexible Foams on 19 October 2016. Therefore, no stock option grant was made to him in 2016 and no options vested in 2020.

d) Extraordinary items

Transaction awards made in 2020 - The Management Team of the Automotive Division was paid a transaction bonus as a result of the successful divestment of that Division.

e) Pension expenses

Name of Director (position)	Pension expenses
OLIVIER CHAPELLE SRL, represented by Mr. Olivier CHAPELLE, Chief Executive Officer	Included in fee
Other Members of the Management Committee	€ 336,427

For Members of the Management Committee other than the CEO, Recticel reports the actual contributions paid into the plan for DC plan beneficiaries. For DB plan beneficiaries, Recticel reports the service cost as the plan is a collective plan.

f) Additional disclosure

- Recticel did not apply any clawback provisions during the year under review.
- The following table shows the level of shareholdership of the CEO and the other members of the Management Committee. It shows that the actual level of shareholdership of the CEO and of the other Members of the Management Committee is higher than the policy requirement.

Level of shareholdership

Position	Number of shares held on 31 Dec. 2020	Value of the stock on 31 Dec. 2020	Total value of shares held	Actual level of shareholdership (% base pay [a]) [b]	Target level of shareholdership (% base pay [a])
CEO	272,598	€ 10.72	€ 2,922,251	513%	50%
Other Management Committee Members	213,344 [b]	€ 10.72	€ 2,287,048	112% on average	50%

[a] The base pay is the annual base pay without pay cut.
[b] The total number of shares held on 31 Dec. 2020 by the other members of the Management Committee does not include the shares held by Jan Meuleman, whose membership of the Committee ended on 30th June 2020 following the divestment of the Automotive division.

The level of shareholdership is determined by comparing the value of the number of shares held on 31 December 2020 to 50% of their annual base pay on 31 December 2020. The value of the shares held is obtained by multiplying the number of shares held on 31 Dec 2020 by the closing price of the stock on that date (€ 10.72).

2.2.7.5. Share-based remuneration

The tables below detail the opening and closing balance, as well as movements during the year in terms of share-based remuneration for each of the Management Committee Members. In line with the information presented in previous tables, shares have been valued at fair value at grant and at market value at vesting.

Incumbent name	The main conditions of the share option plans					Information regarding the reported financial year							
						Opening Balance	During the year					Closing Balance	
	Specification of the plan	Award date	Vesting date	Exercise period	Strike price of the option	Share options outstanding at the beginning of the year	Share options awarded		Share options vested		Share options exercised	Share options awarded and unvested	Share options vested but unexercised
							Number	Value	Number	Value			
Olivier Chapelle (Chief Executive Officer & Group General Manager Bedding)	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31	355,000							
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				45,000	116,100			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		120,000	175,920			30,000	400,000	45,000
Ralf Becker (Group General Manager Insulation)	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31	105,000							
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			10,000	110,000	15,000
François Desné (Group General Manager Flexible Foams)	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00	80,000							
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980				110,000	0
Jan Meuleman (Group General Manager Automotive)	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73	95,000			15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			15,000	110,000	0
Betty Bogaert (Chief Information and Digitalization Officer)	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31	105,000							
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980				110,000	25,000
Jean-Pierre de Kesel (Chief Sustainable Innovation Officer)	2014 grant	29/04/2014	1/01/2018	1-1-2018 - 28-4-2020	€ 5.64	116,814							
	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31								
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			36,814	110,000	0
Bart Massant (Chief Human Resources Officer)	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73	95,000			15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			15,000	110,000	0

Incumbent name	The main conditions of the share option plans					Information regarding the reported financial year							
						Opening Balance	During the year					Closing Balance	
	Specification of the plan	Award date	Vesting date	Exercise period	Strike price of the option	Share options outstanding at the beginning of the year	Share options awarded		Share options vested		Share options exercised	Share options awarded and unvested	Share options vested but unexercised
							Number	Value	Number	Value			
Jean-Pierre Mellen (Chief Financial Officer)	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31	105,000							
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			25,000	110,000	0
François Petit (Chief Procurement Officer)	2014 grant	29/04/2014	1/01/2018	1-1-2018 - 28-4-2020	€ 5.64	81,814							
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			21,814	85,000	5,000
Dirk Verbruggen (General Counsel & General Secretary)	2014 grant	29/04/2014	1/01/2018	1-1-2018 - 28-4-2020	€ 5.64	116,814							
	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31								
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			11,814	110,000	25,000

2.2.7.6. Termination indemnities

No termination indemnities were paid in 2020.

2.2.7.7. Derogations

The remuneration policy of Recticel prescribes that the targets of the short term incentive are proposed by the Remuneration & Nomination Committee to the Board at the start of the year. Due to the unprecedented impact of the COVID pandemic on the global business environment, the Board decided to delay the setting of the collective objectives of the short term incentive for the performance year 2020 by a few months.

2.2.7.8. Annual Change in Remuneration and Pay Ratio

a) Annual Change in Remuneration of Directors versus the Wider Workforce & Company Performance

The following table displays the variation of the remuneration of the CEO and the other members of the Management Committee between 31 Dec 2019 and 31 Dec 2020 against the evolution of Group Consolidated Net Cash Flow before dividends, the Adjusted EBITDA and the Net Profit. The average remuneration of the other employees for the years 2019 and 2020 will be published in the 2021 Remuneration report as the data are not available at the time of the publication of this report.

Annual change in remuneration

	2019 (in EUR)	2020 (in EUR)	2020 vs. 2019
Total remuneration of the CEO [a]	895,466	1,216,383	136%
Average total remuneration of the other members of the Management Committee [a, b]	440,578	473,056	107%
Group Net Cash Flow before dividends [c]	23,618,000	197,100,000	834%
Group Adjusted EBITDA [d]	114,700,000	58,841,000	51%
Net Profit (share of the Group)	24,762,000	63,155,000	255%
Sustainability KPIs	See separate sustainability report		

[a] The data takes into account the 30% pay cut implemented in the second quarter of 2020 against the background of the COVID pandemic. The year on year increase reported for the CEO is mainly due to the fact that in 2019 the level of Group Adjusted EBITDA did not generate a bonus pay out. For some of the other Management Committee members heading a Business Line, the level of Adjusted EBITDA that was reached for their Business Line in 2019 generated a pay out.
[b] The remuneration of the Management Committee members (excl. CEO) is presented as a Full Time Equivalent average: the total remuneration paid during that year divided by the number of Full Time Equivalent Management Committee members in that year.
[c] The Group Net Cash Flow before dividends is expressed on a combined basis for the year 2019. It is expressed on a consolidated basis as of year 2020. The important year-on-year variation of the Group Net Cash Flow is due to the proceeds of the divestments of the Automotive Division and of the participation in the joint venture with Eurofoam in the first half of 2020.
[d] Group Adjusted EBITDA, after IFRS 16. The year-on-year decrease is due to the Covid pandemic and the above mentioned divestments.

b) Pay Ratio

The pay ratio compares the highest remuneration of the Management Committee (that is the remuneration of the CEO) with the lowest Remuneration at Recticel NV. On 31 December 2020, the highest remuneration was 36 times the lowest remuneration; this is a pay ratio of 36:1.

2.2.8. Transactions and other contractual ties between the Company and members of the Board of Directors or members of the Management committee

Chapter VII.1. of the Recticel Corporate Governance Charter describes Recticel NV's policy on related party transactions that are not governed by the legal conflict of interest scheme. The application of this policy is explained hereafter.

During the year 2020, two conflicts of interest arose between a director and the company as referred to in article 7:96 of the Belgian Companies and Associations' Code . The procedure of Article 7:97 was not applied in 2020

Reference is made here to the statutory annual report, which contains an extract of the minutes of the concerned board meetings in this regard.

2.2.9. Insider trading and market manipulation

The company policy regarding the prevention of insider trading and market manipulation is further explained in chapter VII.2 of Recticel's Corporate Governance Charter as well as in the new Dealing Code which has been adopted by the Board of Directors and published on the website of Recticel (www.recticel.com).

These measures include the implementation of restrictions on the execution of transactions («closed periods») applicable since 2006.

Mr. Dirk VERBRUGGEN was appointed as Compliance Officer, responsible for monitoring the observance of these regulations.

2.2.10. Diversity policy

Recticel strives to create a community where everyone is included and respected, bringing people together for a better world. We believe that a diverse team improves the quality of decision making, and ultimately improves overall performance.

Recticel has currently not established a formal specific diversity policy, but is an equal employer in all aspects of recruitment and selection, and is committed to a fair and consistent approach to recruitment and selection. Recticel works actively to develop a positive employer image amongst the internal and external stakeholders. Recticel commits to hire all candidates irrespective of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation or hours of work.

Recticel also commits to offering learning opportunities to all employees irrespective of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation or hours of work.

Recticel is proud to be present in 20 countries, with employees of different nationalities.

Currently one woman is represented in the Management Committee. Furthermore, one third of the members of the Board of Directors is a woman, in accordance with article 7:86 of the Companies and Associations Code.

The selection process of the members of the Board of Directors is described in the Corporate Governance Charter of Recticel, with the aim to come to a composition that is diverse in all its aspects, both at the level of gender, background, professional experience, competence and education.

2.2.11. Relationships with the reference shareholders and other elements related to possible public takeover bids and others

Here follows the overview of the shareholders who, under the statutes of the law, have addressed a notification to the company and to the FSMA:

Name	Date of notification	Number of shares	Percentage of shares at the moment of notification [1]	Percentage of shares at balance sheet date	Percentage of voting rights attached to shares at balance sheet date [2]
compagnie du Bois Sauvage SA [3]	13/05/2015	15 094 410	28.17%	27.08%	27.24%
Own shares	13/05/2015	326 800	0.61%	0.59%	0%
Subtotal (own shares included) [3]	13/05/2015	15 421 210	28.78%	27.67%	27.24%
BNP Investment Partners	12/05/2016	1 615 744	3.01%	2.90%	2.92%
KBC Asset Management NV	19/05/2018	1 648 964	3.01%	2.96%	2.98%
Janus Henderson Group Plc	15/10/2020	1 669 584	3.01%	2.99%	3.01%
Candriam	18/01/2021	1 675 560	3.01%	-	-
Public	Not applicable	33 711 858		60.48%	60.83%
Total (excluding own shares)		**55 416 120**			**100.00%**
Total (including own shares)		**55 742 920**		**100.00%**	

(1) The percentage of shares is calculated based upon the number of existing shares at the moment of the notification.

(2) The percentage of voting rights is calculated based upon the 55 742 920 existing shares per 31 December 2020 based upon the information the Company has received from its shareholders per 31 December 2020, which can be different from the actual situation. The calculation has been adjusted to take into account the suspension of the voting rights of the 326,800 own shares held by the Company as foreseen by the law.

(3) The number of own shares of the company was included in the notification, given the fact that they are legally deemed to act in concert with the Company for the purposes of the applicable transparency disclosure rules. On 8 November 2018, the Financial Market Authority (FSMA) was informed (transactions by leadership) that 50,000 shares were acquired additionally.

The company has not concluded a relationship agreement with the main shareholder Compagnie du Bois Sauvage SA in accordance with principle 8.7 of the Corporate Governance Code 2020, as there is a sufficient line of representation of the main shareholder through its representation within the Board of Directors.

The capital structure, with the number of shares and warrants of the company can be found in the chapter "Information on the Share" on the Recticel website (www.recticel.com).

An amendment of the articles of association of Recticel can only be obtained, following the special majorities of article 37 of the Articles of Association.

The Board of Directors submits its proposals regarding the appointment or re-election of directors to the general meeting of the shareholders. The Remuneration and Nomination Committee recommends one or several candidates to the Board, taking into account the needs of the company and following the appointment procedure and the selection criteria drawn up by the Board for that purpose. The composition of the Board is determined based on the necessary diversity and complementary skills, experience and knowledge.

The general meeting of the shareholders appoints the directors of their choice with a simple majority of the votes cast. Directors can likewise be dismissed "ad nutum" by the general meeting with a majority of the votes cast, before the normal expiry of his or her term of office.

If a position of director becomes vacant as a result of resignation, incapacity or death, the Board may provisionally fill the vacancy, upon recommendation from the Remuneration and Nomination Committee.

There are no legal or statutory limitations on transfer of securities. There are no securities with special control rights. There are no legal or statutory restrictions on the exercise of voting rights, for as far as the shareholder is legally represented at the Ordinary General Meeting, and his/her voting rights have not been suspended for any reason.

There are no agreements between the Company and its directors or employees that would provide for compensations after a public takeover bid, the directors resigning or departing without any valid reason, or the employment of the employees being terminated.

The following agreements, whereby the company is party, contain the clauses that take effect, undergo changes or end, in the event of a change of control over Recticel SA/NV:

- The "Facilities Agreement" of 4 December 2020 between Recticel SA / NV and Recticel International Services NV on the one hand, and Belfius Bank NV, BNP PARIBAS FORTIS NV and KBC BANK NV on the other, for an amount of EUR 305,000,000, whereby each bank participating in the Loan, in the event of a change of control over the Company or over a subsidiary that also acts as a debtor, has the right to request prepayment or cancellation of the credit obligation, and if banks holding a special majority of the total amount of the Credit, requesting this, the total Credit will have to be canceled and prepaid.
- The Recticel Group's Stock Option Plans of April 2014, June 2015, April 2016, June 2017, April 2018, June 2019 (warrant plans April 2014, June 2015, April 2016, June 2017, April 2018, June 2019, March 2020) issued by the Board of Directors Administration that contain a clause 6.2. which gives the beneficiaries the right to exercise their warrants, if applicable under the conditions determined by the Board of Directors, immediately in the event of a change of control (that is, in the event of a transfer, in one or more transactions, more than fifty percent (50%) of the voting rights) or in the case of the launch of a public share purchase offer.

These clauses were specifically approved by Recticel's General Shareholder Meeting or will be submitted for approval at the General Meeting on 25 May 2021.

In line with article 7:151 of the Belgian Companies and Associations Code, for such a clause to take effect requires the approval of the General Shareholder meeting.

The Board of Directors is not aware of shareholder agreements that give rise to restrictions on the transfer of securities and / or the exercise of voting rights.

The board of directors does not currently have any authority to issue shares. The Board of Directors is authorized to acquire own shares of the Company as long as the fractional value of the Company's shares held in portfolio does not exceed 20% of its issued capital, at a unit price that may not be less than 20%. below the average of the last twenty closing prices on Euronext Brussels prior to the date of acquisition, and not higher than the same average plus 20%. This purchase authorization is valid until 17 July 2022.

2.2.12. Statement on non-financial information

The statement on non-financial information in accordance with article 3:6, §4 of the Belgian Companies and Associations Code has been enclosed to the statutory annual report of Recticel NV/SA and the consolidated annual report of the Recticel Group.

2.3. Non-financial Information Statement

In 2020, we made significant progress in our Sustainability journey, leading to a renewed Sustainability Strategy for 2021-2025. Working closely with our stakeholders, we have now defined the six most important material aspects for Recticel with the biggest potential to turn sustainability into a keener competitive edge.

This chapter contains a detailed description of our path to transformation during 2020, including our strategies and the various steps in their execution. For a fuller description of the renewed Sustainability Strategy, please consult Chapter 1 of this report.

2.3.1. Introduction

Recticel's sustainability journey started in 2013 with the Management Committee's declaration to put sustainability at the forefront of the Group strategy.

A company-wide project was launched to determine how to embed sustainability in its Group and division strategy. Interviews were conducted with key internal and external stakeholders to identify sustainability challenges and areas of opportunity[1]. These were further explored during workshops with the business lines and functions. The sustainability aspects that emerged were mapped out in a longlist of material aspects. These formed the basis of materiality matrix workshops involving the business lines and functions.

The six most important aspects for Recticel and society were clustered in a **Sustainable Innovation Plan:** Innovation fulfilling societal needs; Optimising Carbon Footprint; Resource Efficiency; and a **People Priority Plan:** Business Ethics and Integrity; Reduce HS&E impact of our activities; An Inspiring and Rewarding Place to Work. A key performance indicator and 2020 target was selected for each material aspect. In 2015, the sustainability strategy was embedded in the Recticel Group strategy.

In 2016 we published our **first separate sustainability report**[2] covering the years 2013-2015 and drawn up in accordance with the Global Reporting Initiative (GRI) G4 guidelines. This first report provided insight in our sustainability journey, the strategy and the six material aspects, seven key performance indicators and targets chosen to measure progress.
In September 2017, the EU Directive 2014/95/EU as regards disclosure of non-financial and diversity information by certain large undertakings and was transposed into Belgian national law. The Directive recommends using internationally-recognized frameworks and standards to prepare and publish sustainability reports.

Our **second sustainability report** covering the years 2016-2017[3] was drawn up in accordance with the GRI Standards, Core. It was published in 2018 and provided transparency on progress against our 2020 targets.

The reporting over 2018, 2019 and 2020[4] was prepared using the recommendations of the GRI Standards, Core. We integrated the **reporting on non-financial information** such as environmental, social, human rights, anti-bribery and anti-corruption topics in our **annual report**, and provided transparency on progress against our 2020 targets. The information about diversity is available in our Corporate Governance Statement. Limited assurance by an independent auditor was performed over 2017 - 2020 on the seven KPIs covering the six material aspects.

On 30 June 2020, Recticel divested its Automotive business line and Eurofoam joint venture. As a result, on 31 December 2020, 40 fully-owned Recticel subsidiaries employing **4,194 people in 19 countries were in scope;** joint ventures and Automotive being excluded.

On 10 November 2020, Recticel announced the acquisition of FoamPartner[5]. After closing of the deal expected in the first quarter of 2021, 1,100 FoamPartner employees will be merged with the Flexible Foams business line into the new Recticel Engineered Foams division.

Renewed sustainability strategy 2021 - 2025
In 2020, Recticel started the revision of its 2015 – 2020 sustainability strategy. The description of this process, the evolution of the material aspects and KPIs selected that shape the renewed sustainability strategy 2021- 2025 can be found under 1. *Presenting the renewed Recticel.*

[1] Sustainability report 2016, page 37-38 - https://www.recticel.com/sustainability-innovation/sustainability/reports.html
[2] Sustainability reporting | Recticel - 2015 - https://www.recticel.com/sustainability-innovation/sustainability/reports.html
[3] Sustainability reporting | Recticel - 2017 - https://www.recticel.com/sustainability-innovation/sustainability/reports.html
[4] Annual & half-year reports | Recticel - 2018, 2019, 2020 - https://www.recticel.com/investors/annual-half-year-reports.html
[5] Recticel realises a key step in its strategic transformation with the acquisition of FoamPartner | Recticel - https://www.recticel.com/recticel-realises-key-step-its-strategic-transformation-acquisition-foampartner.html

2.3.2. Activities of the company

Recticel is an international industrial player with an ambitious goal: to take the daily experience of comfort to a new level in quality and innovation. We rely on our expertise in the transformation of polyurethane chemistry to meet customer and societal challenges responsibly, and to generate added value for our clients, shareholders, partners and employees. For a further description of the activities of Recticel and the Recticel Group, reference is made to Chapter I of the annual report of Recticel as published on the website of Recticel under https://www.recticel.com

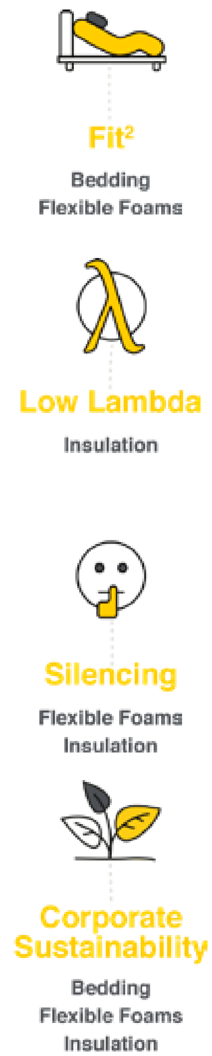
2.3.2.1. A strategy for sustainability: Growing together towards a PUre future

2.3.2.1.1. Recticel's ambition
Recticel's ambition is to lead the transition to a circular economy and a low-carbon society within our industry. *Growing together towards a Pure future* expresses our firm commitment to reducing any negative effects of our activities and to optimising Recticel's positive impact across the value chain, from raw materials sourcing to product manufacturing, consumption and end-of-life.

Since 2013, sustainable innovation is a key driver at the heart of our Group strategy.

It was created to respond to key societal challenges, such as energy conservation, CO_2 reduction, and an aging and increasing population. Sustainability shapes our portfolio strategy and our innovation priorities, and as a result, it nourishes our long-term competitiveness. The long-term needs and challenges or our sectors and our society are our compass.

Our activities position us in a sustainable way as the leading supplier of polyurethane and polymer-based solutions in our markets for durable (consumer) goods such as insulation panels (50-year lifespan), mattresses (10-year lifespan), and highly specialized technological applications with attributes such as silencing, sealing or carrying.



Considering the entire value chain, Recticel is a **climate-positive company**. Our thermal insulation solutions for building renovations and new constructions contribute to a low-carbon society. In 2020, **CO_2 emissions avoided by these insulation solutions offset more than 46 times the carbon footprint of all Recticel activities combined.**[6] In addition, Recticel is also a low-carbon intensive company[7]. We will start to report on this topic from 2021 onwards.

In our Flexible Foams business line, innovative lightweight solutions have been developed to speciality applications in car engine compartments that require superior silencing properties.

In Bedding, the traditional focus has been on durability and providing optimal comfort during the use phase. In recent years, we have directed our research efforts to eco-design and repurposing our valuable polyurethane materials after their usage phase.

Carbon footprint reduction over the entire value chain has always been a clear driver in our Insulation business line. Sustainability is now also high on the agenda of more and more customers of our Bedding and Flexible Foams business lines.

Our path to circularity

Our products are predominantly, though not exclusively, based on polyurethane (PU). This versatile material allows us to develop long-lasting high-quality and durable solutions that promote comfort in our daily life such as insulation panels or mattresses.

From the start of the sustainability strategy in 2015, Recticel put the challenge of readying polyurethane for the circular economy front and centre. Through clear focus and long-term partnerships across our value chain, we have laid the foundations for our two paths to circularity. **Mechanical recycling**, or re-using end-of-life polyurethane and transforming it into a new value-added product, and **chemical recycling** or breaking down end-of-life polyurethane to its original chemical building blocks and transforming them endlessly into virgin polyurethane

In the coming years, we will continue to support the upscaling of chemical recycling technologies. It is the economically and environmentally most viable path to process the high volumes of end-of-life material while closing the loop. Until then mechanical recycling will be the intermediate technology of choice.

2.3.2.1.2. Sustainable innovation programmes driving the change

Our Sustainable Innovation Department, the strategic R&D Centre of the Group, is organized around three innovation programmes that benefit our customers in their markets: Fit[2], Low Lambda, and Silencing. More information on these market-driven innovation programmes can be found under *1.5 Our Sustainability Strategy*

The fourth, or **Corporate Sustainability innovation programme**, is dedicated to exploring new ways to prepare polyurethane for circularity polyurethane over the entire value chain: from raw materials, to production, to end-of-life.

2.3.2.1.2.1. Raw materials

Innovation and efficiency initiatives have reduced our use of raw materials and are complemented by our choice of lower-carbon raw materials with bio-based or recycled content. In partnership with Covestro, Recticel was in 2018 the first company worldwide to use a CO_2-based polyol in its flexible foam production for products such as mattresses.

Two projects centred on rigid foam for insulation applications, illustrate this commitment to become less dependent on fossil resources:

[6] The 2020 results expressed in tonnes of CO_2e can be found in the 'Summary Table' at the end of the Non-Financial Information statement
[7] Carbon intensity in tonnes of CO_2e/mio EUR revenue (scope 1 and 2)

Carbon4PUR

Carbon capture and utilization is also at the heart of the Carbon4PUR project, a EU Horizon 2020 Research and Innovation Programme project. As a contribution to the circular economy, the use of process gases from steel industry is being investigated in order to move closer to the goal of climate neutrality.

With Covestro as project coordinator, the consortium of research-oriented industry and application-oriented science has been working together on an interdisciplinary basis since 2017. In doing so, the 14 partners of the innovation project are focusing on expanding the technology platform that Covestro first successfully implemented in 2015 for the use of CO_2 as new, alternative feedstock for the chemical industry.

Now, carbon monoxide (CO) derived from steel mill process gases is also to be tapped as a raw material source for circular plastics. So far, the project is a success story. As a result of the various process steps conducted by the project partners, CO and various gas mixtures were successfully converted by Covestro in Leverkusen, Germany, into polyols as intermediates for polyurethane. These high-performance materials were upscaled and then tested in rigid foams for insulation boards by Recticel. Currently, the technology is being assessed by the academic partners University of Leiden, TU Berlin, and South Pole.

In 2020, Carbon4PUR was recognized Project of the Month by the European Commission's CORDIS. https://cordis.europa.eu/

The Carbon4PUR project started on 1 October 2017 with a duration of 36 months. Due to the Covid-19 impact, the consortium decided to extend the project until 31 March 2021.

For more information: http://www.carbon4pur.eu

This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 768919. The information contained in this document has been prepared solely for the purpose of providing information about the Carbon4PUR consortium and its project. The document reflects only the Carbon4PUR consortium's view and the European Commission is not responsible for any use that may be made of the information it contains.

SWEETWOODS

SWEETWOODS, a Bio-Based Industries Joint Undertaking (BBI JU) funded project, focuses on bio-based materials such as wood to replace fossil fuel. SWEETWOODS aims at demonstrating the successful and profitable production of high-purity lignin, derived from low-quality wood residues and sugars, on an industrial level. Recticel will test its use in rigid foam applications such as insulation panels.

The first phase construction works of the Granuul Biotech's flagship plant were finished in 2020. It is now ready to ship out industrially representative samples of high purity near-native lignin and wood sugars at ton scale. The construction of the second phase, where hydrolysis, separation processes, and lignin drying will be established, has started. Graanul Biotech estimates that an industrial supply of novel lignin and sugars will be available in the last quarter of 2022.

One of the goals of the SWEETWOODS project is to establish markets for lignin and sugar-based platform chemicals. In collaboration with the partners of SWEETWOODS, Recticel is currently evaluating on lab scale which (depolymerised) lignin types are most suitable for incorporation in rigid foam for insulation boards. The most suitable candidates will be further upscaled and screened on a semi-industrial scale.

The SWEETWOODS project started on 1 June 2018 and will end on 31 May 2023.

For more information: https://sweetwoods.eu

Horizon 2020
European Union Funding
for Research & Innovation

SWEETWOODS has received funding from the Bio-Based Industries Joint Undertaking under the European Union's Horizon 2020 Research and Innovation programme, under grant agreement N° 792061. The SWEETWOODS project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

Bio-based Industries Consortium
BBI JU

Since 2020, Recticel also participates in research initiatives funded by the European Commission's Marie Sklodawska-Curie Actions (MSCA) - https://ec.europa.eu. Along with individual fellowships for PhD candidates and those carrying out more advanced research, the MSCA help develop training networks, promote staff exchanges and fund mobility programmes with an international flavour. They encourage collaboration and sharing of ideas between different industrial sectors and research disciplines – all to the benefit of the wider European economy. MSCA also back initiatives that break down barriers between academia, industry and business. Recticel is proud to be part of two such projects in the field of raw materials:

VITRIMAT
On 1 March 2020, VITRIMAT started up for a period of three years. The project receives funding from the European Union's Horizon 2020 research and innovation programme under the Marie Sklodowska-Curie grant agreement. VITRIMAT has the ambition **of bridging a critical training gap between on the one hand cutting-edge European academic research on vitrimers and on the other hand industrial developments of daily life products** by offering a world-class multidisciplinary and inter-sectoral training platform.

Vitrimers are a **new class of materials**, rewarded by the 2015 European Inventor Award, **combining the best features of thermoplastic and thermoset materials**. VITRIMAT aims at strengthening the European leadership on vitrimers by combining the expertise of six academic partners-pioneers in vitrimers and advanced composite materials with one national technical centre and eight industrial partners, including Recticel, that are world leaders in the chemistry adhesives, thermosets and composites for consumer goods, construction and automotive applications.

Horizon 2020
European Union Funding
for Research & Innovation

VITRIMAT has received funding from the European Union's Horizon 2020 research and innovation programme under the Marie Sklodowska-Curie Grant Agreement N° 860911. This presentation reflects only the author's view. The European Union is not liable for any use that may be made of the information contained herein.

For more information: https://vitrimat.eu

NIPU-EJD
On 1 January 2021, NIPU-EDJ started up for a period of four years. The project receives funding from the European Union's Horizon 2020 research and innovation programme under the Marie Sklodowska-Curie grant agreement. NIPU-EJD is a **European Joint Doctorate program aiming at novel Non-Isocyanate PolyUrethanes** and is set up by a consortium formed by seven academic beneficiaries together with eight non-academic partners including Recticel.

The program vision of NIPU-EJD is to create a new generation of high-skilled, creative, entrepreneurial scientists, who will be the future leaders in the emerging and important area of sustainability towards the development of sustainable non-isocyanate polyurethane (NIPU) systems. From industrial prospective, NIPU-based systems represent the most sustainable alternative to conventional polyurethanes in different sectors (insulation, coatings, etc.), responding the urgent needs for sustainability in terms of raw materials innovation, improved safety, production processes and recycling.

Horizon 2020
European Union Funding
for Research & Innovation

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For more information: http://www.nipu-ejd.eu/consortium/

Production
Including sustainability in our production processes positively impacts our carbon footprint and increases our operational excellence. Together with industrial partners and knowledge institutes, we explore ways to reduce production waste and design products that are eco-friendly and easy to dismantle.

We have developed a **fiber-bonded foam technology** which in a first step allowed us to transform flexible polyurethane foam production waste into new acoustic insulation building applications. These panels reduce sound by up to 12 dB while conserving energy. We have further optimized this technology to now also be able to process polyurethane originating from end-of-life mattresses. These recycled materials were introduced in products from the Simfofit®, Silentwall®, Silentfloor® and Silentpart® range.

We continue to explore the possibilities of fiber-bonded foam for other application areas, such as automotive and industry. As for Bedding, our German brand Schlaraffia introduced a concept bed using recycled foam instead of virgin foam in its bedframes and headboards, on the 2020 IMM professional furniture fair in Cologne. Covid-19 interrupted and delayed new sustainable introductions.

End-of-life
New mechanical and chemical recycling processes will allow us to recycle valuable end-of-life materials, paving the way for new value-added applications. Mechanical recycling re-uses end-of-life polyurethane and transforms it into a new value-added product, while chemical recycling breaks down end-of-life polyurethane to its original chemical building blocks and transforms these into virgin polyurethane again.

Recticel has engaged in a number of partnerships to set up an effective collection and reuse of end-of-life materials via **mechanical recycling**. On 1 January 2021, the Belgian authorities introduced the extended producer responsibility (EPR) for mattresses. Recticel is one of the founding fathers of **Valumat**, a Belgian non-profit organization created by actors across the mattress industry, that will carry out the obligations for **collecting and recycling of end-of-life mattresses in Belgium.**

We are also supporting the mattress collection and recycling initiative in the Netherlands where the EPR scheme will start in the course of 2021.

As early as 2013, the French authorities introduced the collection and recycling of mattresses and furniture. **Eco-Mobilier** has been set up to organise the collection, sorting, recycling and reusing of these end-of-life material streams. Recticel is part of the **Valpumat** project, or Valorization of the PolyUrethane of MATtresses, launched in order to develop new ways of mechanical recycling of mattresses. Since 2020, Recticel processes end-of-life foam in one of its plants in France transforming this valuable material into innovative acoustic building insulation solutions.

Until now, collection and recycling of end-of-life materials have been put in place for durable flexible polyurethane products such as mattresses or sofas with a lifespan of up to 10 years. Recticel is closely monitoring emerging initiatives, such as in France, to sort, collect and recycle end-of-life material in the construction sector. Recticel contributes to the energy efficiency of buildings by providing rigid foam polyurethane insulation solutions with a lifespan that exceeds 25 years.

PUReSmart
We are proud to participate in, and be the project leader of, the **groundbreaking PUReSmart chemical recycling project**. The project is funded by the European Union's Horizon 2020 Innovation and Research programme to develop a complete circular product life cycle and turn polyurethane into a truly sustainable material: recover the used material (e.g. mattresses) and turn them into building blocks for existing or new products.

The PUReSmart consortium is an end-to-end collaboration spanning the entire polyurethane reprocessing value chain and gathering nine partners from six different countries. The project aims to breakdown polyurethane into its two building blocks being polyol and isocyanate in an optimized mass balance to have full one to one circularity.

Project partner Covestro, leading producer of advanced polymers and high-performance plastics, has recently started operating a pilot plant for flexible foam recycling at its Leverkusen site to confirm the positive laboratory results achieved to date. The first phase is to focus on recycling one of the raw materials, before the recovery of the second component is also to be piloted from summer this year. Covestro´s goal here is to industrialize chemical recycling processes for used flexible foams and ultimately to remarket both recovered raw materials.

Despite the impact of the Covid-19 pandemic, the project team managed to remain on schedule with regard to the intermediate project deliverables. In several work packages, breakthrough steps are already made. This will move the whole project far beyond the state-of-the-art. This is also proven by several patents related to the smart chemolysis process and the earlier decision by Covestro of a scale-up from laboratory scale to semi-industrial level on short-term for the chemical recycling process.

The PUReSmart project started in January 2019 and will end in December 2022.

More information on the current project status can be found on the PUReSmart - https://www.puresmart.eu

Horizon 2020
European Union Funding
for Research & Innovation

This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 814543. The PUReSmart project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

In 2019, Recticel signed the Declaration of the **Circular Plastics Alliance** which promotes voluntary actions for a well-functioning EU market in recycled plastics. The declaration lays out how the alliance will reach the target of 10 million tons of recycled plastics used to make new products every year in Europe, by 2025. This target was set by the European Commission in its 2018 Plastics Strategy as part of its efforts to boost plastics recycling in Europe.The Circular Plastics Alliance will focus on five priorities: collecting and sorting; recycled plastic content; R&D and investments, including chemical recycling; and monitoring.

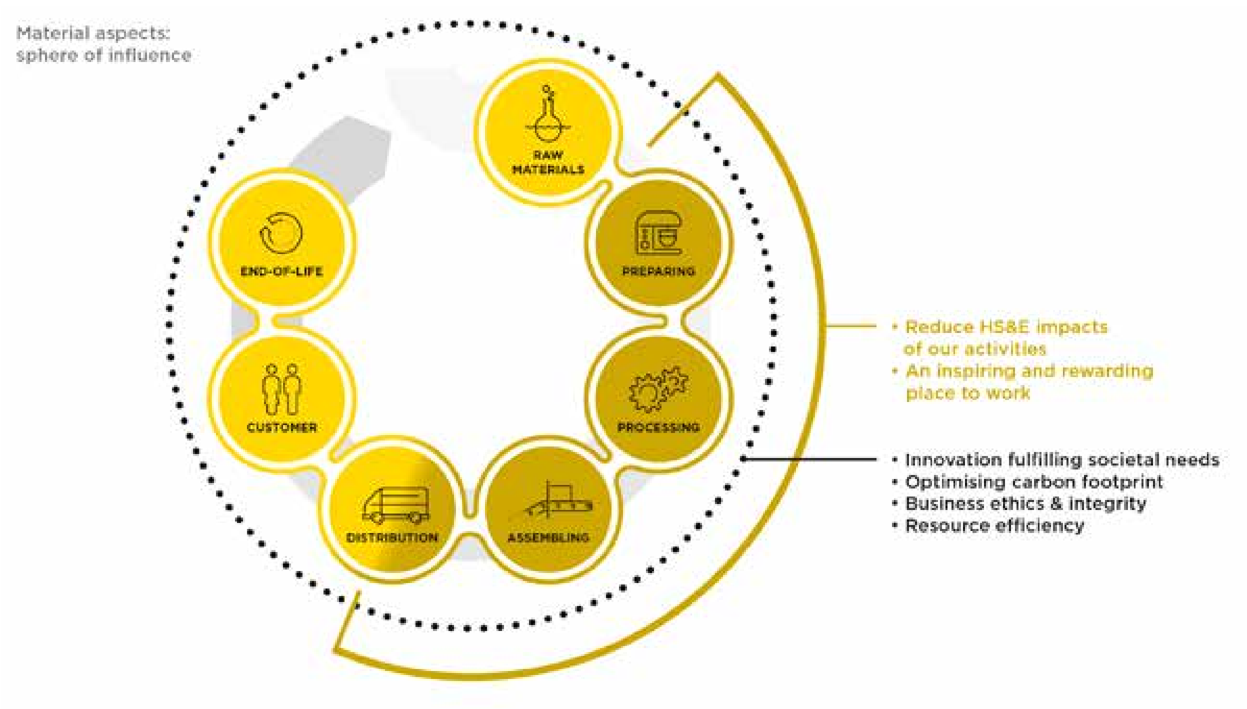
Recticel also supports the **Moonshot initiative** - https://catalisti.be/moonshot/ launched by the Flemish government in Belgium. In this ambitious industrial innovation programme hosted by Catalisti, Flemish universities, research institutes and industries join hands to develop breakthrough technologies by 2040 to create new climate-friendly processes and products. On 10 January 2020, a first series of innovation projects received support worth more than 18 million euro to make Flemish industries carbon circular and low in CO_2 by 2050. Recticel has joined the Advisory Board of two Moonshot programmes: MOT1 *Biobased Chemistry* - and MOT2 *Circularity of Carbon in Materials*. https://moonshotflanders.be

2.3.2.1.3. Focus on people and sustainable innovation – six important material aspects

Innovation and people are key in achieving our ambitions. Our business lines will create more shared value through innovation focused on societal needs and aligned with stakeholder expectation. The outcome of the sustainability project conducted between 2013 and 2015 to establish our sustainability strategy was that our stakeholders – customers (including consumers), employees, the Board of Directors, authorities, financial analysts and suppliers - ranked six material aspects as the most important priorities for Recticel and for society.

These have been clustered in to two pillars:

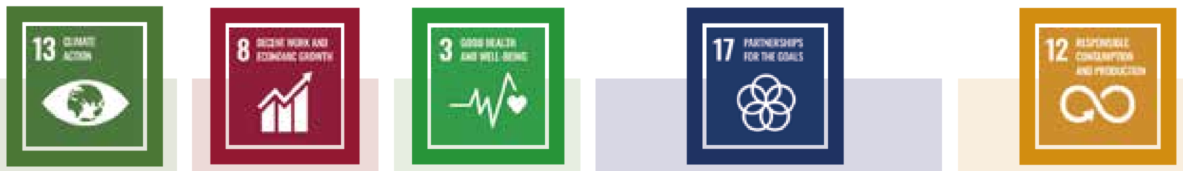
All aspects linked to innovation have been brought together in the **Sustainable Innovation Plan**, focusing innovative efforts on meeting the needs of society, optimizing the carbon footprint throughout the value chain and the efficient use of resources. New societal needs and the transition towards a circular economy bring with them opportunities to differentiate ourselves and create shared value. We seize these opportunities and further explore the possibilities for reuse and recycling our products at end-of-life stage while intensifying our focus on production waste reduction.



Sustainability is considered **along our entire value chain**, from raw material sourcing to product manufacturing, consumption and end-of-life. We take responsibility for our own in-company activities and for those within our sphere of influence, upstream as well as downstream.

Recticel supports the **Sustainable Development Goals (SDG)** launched in 2015 by the United Nations. This universal set of targets and indicators is designed to help countries and end poverty, protect the planet and ensure global prosperity as part of a new sustainable development agenda. By upholding recognized standards and principles on human rights, labour, the environment and anti-corruption, business makes an essential contribution to the SDGs.

Recticel has identified five SDGs that are most impactful, relevant and strategically embedded in our company's sustainability strategy:



13. CLIMATE ACTION

- Optimising carbon footprint
- Resource efficiency
- Innovation fulfilling societal needs

8. DECENT WORK AND ECONOMIC GROWTH

- Business ethics and integrity
- Reduce HS&E impacts of our activities
- An inspiring and rewarding place to work

3. GOOD HEALTH AND WELL-BEING

- Innovation fulfilling societal needs
- Reduce HS&E impacts of our activities
- An inspiring and rewarding place to work

17. PARTNERSHIPS FOR THE GOALS

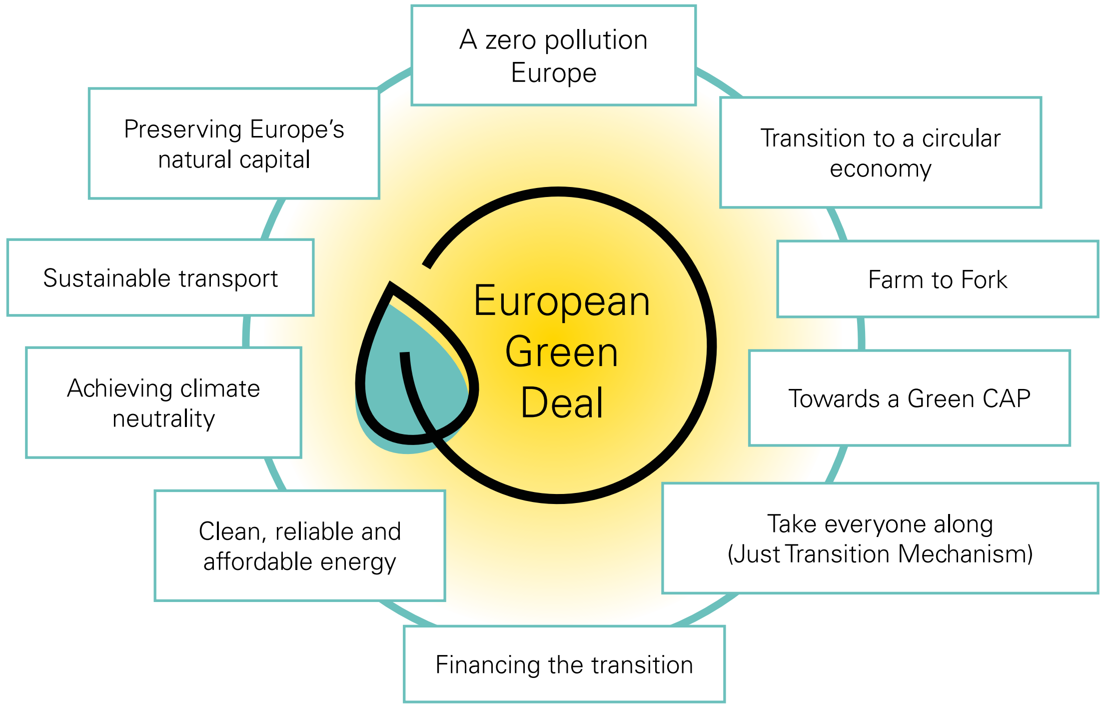
- We take responsibility for our own activities, but also in our sphere of influence upstream (raw materials sourcing) as well as downstream (use and end-of-life)
- We invest in close relationships with the stakeholders: customers, suppliers, knowledge institutes, investors and communities along our value chain

12. RESPONSIBLE CONSUMPTION AND PRODUCTION

- Resource efficiency
- Innovation fulfilling societal needs
- Optimising carbon footprint
- Reduce HS&E impacts of our activities

European Green Deal

The European Green Deal is the European Commission's plan to make the EU's economy sustainable by turning climate and environmental challenges into opportunities and making the transition just and inclusive for all. Recticel fully supports these objectives. Its renewed sustainability strategy 2021 – 2025[8] will continue to advance the key policy areas of the European Green Deal.



[8] See 1.5. Our Sustainability Strategy

2.3.2.1.4. Risk management

Since the beginning of our sustainability journey, we see sustainability as an opportunity to create shared value for the company and society. Our sustainability journey is closely interwoven with the Recticel Group risk management assessment, which enables Recticel to identify, manage and mitigate the main issues that could impact our business.

Assisted by the Audit Committee, the Board of Directors defines the Group's major risks. Placing sustainability at the centre of Recticel's strategy takes these risks into account, and avoids or minimizes any adverse effects of potential risk on the company.

CORPORATE RISKS IDENTIFIED	SUSTAINABILITY STRATEGY
Failure to successfully innovate, develop and introduce new products.	**Innovation fulfilling societal needs** Preparing durable polyurethane products for the circular economy.
Safety, health and the environment: new regulations and its impact	**Optimising carbon footprint** CO_2 emissions avoided by our insulation solutions add up to more than 40 times the carbon footprint of our activities combined.
Price volatility of major chemicals. Failure to obtain raw materials	**Resource efficiency** Seeking new ways to prevent, reuse and recycle production and end-of-life foam.
Potential misconduct by employees and managers or third-party contractors.	**Business ethics and integrity** Developing comprehensive codes, policies and trainings to provide an ethical framework beyond compliance.
Safety, health and the environment, new regulations and their impacts.	**Reduce HS&E impacts of our activities** Working towards zero environmental accidents, injuries and occupational illnesses.
Attracting and retaining qualified personnel.	**An inspiring and rewarding place to work** Encouraging employees to feel engaged, develop their talents and contribute to company goals.

COVID-19 response: Recticel is taking every precaution

We never compromise on safety

In the first quarter of 2020, the world was shaken up on an unprecedented scale by the impact of a new coronavirus, Covid-19. As the COVID-19 pandemic continues, we are taking every precaution to protect our employees, customers, suppliers, shareholders and their families from its impact. A Covid Crisis Team presided by the CEO, comprising the Chief Human Resources Officer, the Corporate HS&E Manager and the HS&E Managers from the business lines, closely monitors the pandemic's evolution and adapts its Group Health & Safety guidelines accordingly.

Crisis Response Teams have been activated in every country and are monitoring the situation closely to ensure that the correct actions are taken, in line with Group as well as local guidelines and local legislation. In 2020, less than 5% of Recticel employees tested Covid-19 positive. All infections seem to have occurred outside the Recticel premises.

Business continuity

As a responsible company, we are committed to remaining flexible and responsive to the situation as it evolves, so that we can help our customers and communities through the challenges ahead.

In the first half year the impact of a -17.5% sales decline could be mitigated to a great extent by cost saving measures and the implementation of temporary unemployment. The second half of 2020 was marked by significant sales fluctuations varying from one business segment or country to another, influenced by the subsequent waves of the Covid pandemic and the related precautionary measures taken by national governments. In this difficult context, Recticel managed to generate a robust 7.0% sales growth in the second half of 2020 and a 10.0% increase in Adjusted EBITDA. [9]

[9] See Recticel Annual Results 2020 - Solid 2nd half 2020 and Strategic Repositioning | Recticel - https://www.recticel.com/recticel-annual-results-2020-solid-2nd-half-2020-and-strategic-repositioning.html

2.3.2.2. Recticel targets & results

For the six material aspects described hereabove, Recticel defined different targets to be met by 2020. These targets are measured through seven key performance indicators (KPI).

The summarized overview of our 2020 results can be found in the 'Summary Table' and in the 'Sustainability Strategy Summary' followed by the 'Independent limited assurance report' at the end of this Non-Financial Information statement. The results over 2020 exclude the Automotive business line due to its divestment. The results over the previous years have not been restated.

2.3.2.2.1. Targets related to the environment

2.3.2.2.1.1. Innovation fulfilling societal needs

Target: 80% of active R&D projects classified as sustainable by 2020 according to the Sustainability Index.

KPI: Sustainability Index (scope: innovation pipeline Sustainable Innovation Department (hereinafter "SID"))

Result 2020: 58% (scoring performed over R&D projects active in November 2020.)

As in 2019, the result this year remains stable due to the strict assessment methodology we developed in 2015. It is almost impossible for certain R&D projects pursuing 100% sustainability objectives to reach the threshold value to be considered sustainable. In the spirit of the sustainability strategy, we continue to pursue our 80% target. In 2020, we reviewed our scoring methodology during the limited assurance process and revised it subsequently. According to our calculations, we would have reached our target for 2020 if we had used the revised Sustainability Index.

Background

Our continued growth depends on our ability to respond to complex and dynamic societal needs. This is why we strive to develop innovative solutions that maximize resource efficiency, reduce carbon emissions and support sustainable, healthy lifestyles. Sustainability is at the core of Recticel's strategy, and sustainable innovation programmes, led by our Sustainable Innovation Department (SID), shape our company's future.

Sustainability index

In 2014, Recticel developed its own methodology to score all research and development projects, spearheaded by the Sustainable Innovation Department. The resulting Sustainability Index, now in its 2nd generation, is a way to measure, track and compare the sustainability performance of active R&D projects. It comprises criteria linked to Planet and People aspects. Projects are scored by the Programme Innovation Manager, Corporate Sustainability Innovation Manager and corporate sustainability experts.

In the **Planet** aspect, criteria such as carbon footprint, reduced by saving resources, recycling and reusing end-of-life materials, are considered. The **People** aspect concerns criteria for social responsibility, such as health, safety and environment (HS&E) as well as social impact.

Each development is rescored on an annual basis or when the project enters a new phase, with scorings reviewed when significant changes are made to a project's scope, or when important new research data have become available. People or Planet criteria can be rescored either in a positive or negative way depending on new insights or developments on the market or the product.

2.3.2.2.1.2. Optimising carbon footprint

Target 1: Reduce Recticel Carbon Footprint Indicator by 25% in 2020 and by 40% in 2030.

KPI: Recticel Carbon Footprint Indicator expressed in tonnes of CO_2 equivalent compared to the 100% activity level in 2013 (scope: production sites). The method of calculation is derived from the Cradle to Grave method.

Result 2020: 82 % (18% reduction vis-à-vis the 2013 basis)

There have been no fundamental changes in carbon footprint reduction. Without the Automotive divestment, we would have seen a slight improvement of the carbon footprint reduction in 2020.

Target 2: Increase Net Recticel Impact Ratio from 20 in 2013 to 30 by 2020 and 50 in 2030.

KPI: Net Recticel Impact Ratio (whole value chain) defined as ratio of the Recticel Positive Impact to the Recticel Carbon Footprint. The Recticel Positive Impact is expressed in tonnes of avoided CO_2 equivalent in use phase (using appropriate method of calculation per type of product and using appropriate conversion factors calculated by a third party).

Result 2020: 46.

The growing impact of the Insulation volume continues to have a positive impact on the multiple. This is clearly reflected in the 12% increase of the multiple compared to 2019.

Background
The aim of the 2015 United Nations COP 21 Paris Agreement is to limit the increase of the global temperature above pre-industrial as much as possible. Recticel contributes to this aim by optimizing its carbon footprint throughout the value chain, alongside its partners.

We focus on introducing raw materials with lower GWP (global warming potential) values as well as lower-carbon impact raw materials, improving the energy efficiency of our activities, and developing more sustainable products and end-of-life solutions that support a circular economy.

We estimate that, in 2020, **the CO_2 emissions avoided by our insulation solutions offset over 46 times** our carbon impact throughout the value chain, making the growth of this business a priority.

To optimize our carbon footprint, we want to reduce our negative impact and increase our positive impact in a significant way. In line with these goals, we focus on areas in our value chain where the biggest progress in carbon footprint reduction can be made: **upstream (raw materials)** and **downstream (usage and end-of-life phases).**

Upstream
Together with our suppliers, we explore innovative solutions and investigate more sustainable raw materials such as a CO_2 polyol. Polyols and isocyanates are fossil fuel-derived raw materials used to make polyurethane. The production of these chemicals is energy-intensive. Thus, our suppliers strive to optimize energy efficiency and find alternatives to fossil fuels.

Covestro developed a revolutionary new polyol that replaces 20% in weight with a by-product of the CO_2 captured from a nearby facility. Recticel supported this innovative development from the beginning and was the first worldwide in 2018 to implement it for the production of flexible foam used in mattresses.

We are also exploring the incorporation of lower-carbon impact materials including recycled building blocks.

Two projects centred on rigid foam for insulation applications, illustrate this commitment:

Carbon4PUR – Sustainable Plastics made by CO/CO_2
Carbon capture and utilization is also at the heart of the **Carbon4PUR** project, a EU Horizon 2020 Research and Innovation Programme project. As a contribution to the circular economy, the use of process gases from steel industry is being investigated in order to move closer to the goal of climate neutrality.

With Covestro as project coordinator, the consortium of research-oriented industry and application-oriented science has been working together on an interdisciplinary basis since 2017. In doing so, the 14 partners of the innovation project are focusing on expanding the technology platform that Covestro first successfully implemented in 2015 for the use of CO_2 as new, alternative feedstock for the chemical industry. Recticel will test its use in rigid foam applications such as insulation panels.

SWEETWOODS
SWEETWOODS, a Bio-Based Industries Joint Undertaking (BBI JU) funded project, focuses on bio-based materials such as wood to replace fossil fuel. The project aims at demonstrating the successful and profitable production of high-purity lignin, derived from low-quality wood residues and sugars, on an industrial level. Recticel will test its use in rigid foam applications such as insulation panels.

Since 2020, Recticel also participates in research initiatives funded by the **European Commission's Marie Sklodawska-Curie Actions (MSCA).** Along with individual fellowships for PhD candidates and those carrying out more advanced research, the MSCA help develop training networks, promote staff exchanges and fund mobility programmes with an international flavour. Recticel is proud to be part of two such projects in the field of raw materials:

VITRIMAT
On 1 March 2020, VITRIMAT started up for a period of three years. The project receives funding from the European Union's Horizon 2020 research and innovation programme under the Marie Sklodowska-Curie grant agreement. VITRIMAT has the ambition of bridging a critical training gap between on the one hand cutting-edge European academic research on vitrimers and on the other hand industrial developments of daily life products by offering a world-class multidisciplinary and inter-sectoral training platform.

NIPU
On 1 January 2021, NIPU started up for a period of four years. The project receives funding from the European Union's Horizon 2020 research and innovation programme under the Marie Sklodowska-Curie grant agreement. NIPU-EJD is a European Joint Doctorate program aiming at novel Non-Isocyanate PolyUrethanes and is set up by a consortium formed by seven academic beneficiaries together with eight non-academic partners including Recticel.

More information on these research projects can be found in 1.1.2.1.3. Sustainable innovation programmes driving the change.

Downstream
Together with **industry peers and knowledge institutes** we investigate the impacts of closing the materials loop. Polyurethane is a thermoset material characterized by high durability. Our products contain materials that can be reused or recycled for other value-added purposes at their end-of-life phase. The goal of these research projects is to find economically viable solutions for waste streams that also benefit the environment.[10]

Energy consumption
Although the biggest impact on carbon footprint reduction is situated upstream and downstream, we are also fully committed to reducing the impact of our **energy consumption**. Since 2013, we have systematically recorded annual energy costs and consumption data across the Group and have strived to make our operations more energy-efficient.

[10] See I.1.2.2.1.3 Resource Efficiency

In 2020 we introduced our **Electricity Sustainability Roadmap**, an ambitious action plan to reduce the CO_2 impact related to electricity usage by 75% in 2025.

We will reach that target following three paths in parallel:

1) Build up and implement an **energy saving plan** at each plant;
2) Develop **smart efficient lighting;**
3) Selectively implement a number of **solar panels and wind mills** projects to generate green electricity.

The Roadmap prioritizes our plants in Europe. The three paths have been defined based on the lessons learned from projects on energy usage that have already been carried out, as well as from extensive energy audits conducted in 19 plants.

End 2020, a total of 30.000 m^2 of solar panels covers the roofs of Recticel sites. The contract for an additional 26.000 m^2 has been signed and will be implemented by summer 2021, almost doubling the solar energy potential. An initiative to install 47.000 m^2 of solar panels is currently being analysed and would, if it goes ahead, double again our capacity. A series of projects to increase our green energy production are under review such as adding windmills to our green energy mix.

2.3.2.2.1.3. Resource efficiency

Target: 100% increase of recycled foam produced by Recticel by 2020 compared to 2015. The increase is possible if flexible foam production waste is gradually replaced by post-consumer waste.

KPI: Tonnes of recycled flexible foam produced by Recticel.

Result 2020: -34% (vis-à-vis the 2015 basis).

Background
Our target for resource efficiency is to recycle flexible PU foam for which we are using two technologies: bonded foam (a discontinuous process) and fiber-bonded foam (a continuous process). We initially only processed postproduction foam with the intention of gradually replacing it by postconsumer foam. We have succeeded in introducing postconsumer foam in fiber-bonded foam applications such as acoustic insulation boards. These volumes are

rapidly growing. In 2020, we recycled the end-of-life foam equivalent of 100,000 mattresses. As for the bonded foam technology, where volumes are decreasing, we expect to be able to introduce postconsumer foam in the course of 2021. As a result, we did not reach our 2020 target.

Recticel supports the transition from the linear 'take, make, dispose' economic model to a circular economy by seeking new ways to prevent and reuse production waste and to mechanically and chemically recycle end-of-life waste while minimizing demand for constrained natural resources.

Our expertise lies predominantly in polyurethane applications for durable (consumer) goods such as insulation panels (50-year lifespan), mattresses (10-year lifespan), and highly specialized technological applications with attributes such as silencing, sealing or carrying.

Our R&D efforts and Corporate Sustainability Programme aim to reduce waste and enable production of end-of-life foam to be recycled in value-added new solutions.

New mechanical recycling solutions
For many years, Recticel has used the production waste of polyurethane as a raw material to make bonded foam. This recycled foam is supplied to customers who utilize it in flooring, upholstery and technical applications.

In the traditional process of recycling flexible foams, foam flakes are coated with isocyanate, pressed into a block, infused with steam and then dried in an energy-intensive process.

In the **new fiber-bonded foam process**, foam flakes are mixed with fibers and melted in a continuous process that does not require drying. We introduced a first application based on this new technology, an acoustic thermal insulation panel and continue to explore new applications for automotive, industry and bedding.

The production waste from fiber-bonded foam products can be reused in the process, and end-of-life material can be recycled, thus closing the materials loop.

Valpumat
The Valpumat project, or **Valorisation of the PolyUrethane of MATtresses**, is one of the nine winners of the first Eco-innovation challenge launched in 2017 by Eco-mobilier. Eco-mobilier is a non-profit eco-organisation approved by the French Ministry of Ecology, Sustainable Development and Energy. It organises the collection and recycling of used furniture and mattresses.

The Eco-innovation challenge was originally set up to explore new ways of recycling mattresses and to develop new value-added applications based on polyurethane. Recticel and Tesca Group, a French manufacturer specialising in textiles and seat components for the automotive industry, have teamed up to tackle this innovation challenge.[11]

Mechanical recycling options are under investigation as well as developing effective sorting methods. After a mechanical recycling process, the valuable polyurethane material is transformed into acoustic insulation solutions for buildings. Applications for the automotive and industrial industry are also in scope. As of 2020, Recticel only processes **end-of-life foam in one of its plants in France** and transform this valuable material into acoustic building insulation solutions.

New chemical recycling solutions
In 2015, we expressed our firm commitment to make polyurethane more sustainable over the coming years. This included closely monitoring and supporting the development of new polymers that combine the advantages of both thermoset (for durability) and thermoplastic (for recyclability) materials. Since then, we have engaged with knowledge institutes and suppliers to join forces.

PUReSmart
We are proud to participate in and be the project leader of the **groundbreaking PUReSmart chemical recycling project** funded by the European Union's Horizon 2020 Innovation and Research programme to develop a complete circular product life cycle and turn polyurethane into a truly sustainable material: recover the used material (e.g. mattresses) and turn them into building blocks for existing or new products. The PUReSmart projects aims to breakdown polyurethane into its two building blocks being polyol and isocyanate in an optimized mass balance to have full one to one circularity.

For more information see 1.1.2.1.3. Sustainable innovation programmes driving the change.

2.3.2.2.2. Targets related to social matters and personnel

2.3.2.2.2.1. Reduce HS&E impacts of our activities

Target: Frequency work accidents = < 3 by 2020 (number of accidents x 1,000,000 / number of hours performed).

KPI: Frequency work accidents represents the average on Group level for all our plants and offices.

Result 2020: 5.3

Background
We see an increase in the results compared to 2019 due to the divestment of Automotive in 2020. At the same time, there is a positive evolution with regard to the number of severe accidents that is decreasing. Still, too many minor behaviour-based accidents occur resulting in a stagnation of the frequency.

Our ultimate goal is to be incident-free. We work relentlessly to eliminate the possibility of and/or potential for work-related incidents, emissions, spills, fires and near-misses. The Recticel Corporate Health, Safety & Environment Policy defines strategic objectives to **minimize risks for people and the planet.** Through risk assessments, mitigation initiatives and process improvements, we aim to make Recticel a safe place to work and to visit.

Corporate HS&E Policy
The Recticel Corporate HS&E Policy defines strategic objectives to **minimize all HS&E risks and environmental impacts inherent to the company's activities and products.** This is above and beyond our basic obligation to comply with all applicable health, safety and environmental regulations.

We perform root cause analyses and implement corrective and preventive actions on critical operations. Recticel foaming sites adhere to strict regulations (such as SEVESO and/or COMAH), and several plants have certified health & safety and/or environmental management systems (OHSAS 18001 and/or ISO 14001-certified). Recticel is an active member of national and European professional associations such as EUROPUR, PU Europe, Essenscia and Federplast.

The Group HS&E Manual provides guidance for the implementation of the HS&E Policy. Recticel recognizes the need for personal initiative, professional and safe behaviour, safety awareness and respect for each other and the environment to implement the HS&E policy. QHS&E managers in our business lines drive and support the change in safety culture by developing operational standards, improving working environments, raising awareness and training personnel.

Corporate HS&E and Sustainability Steering Committee
Management commitment to HS&E is reinforced by our **Corporate HS&E and Sustainability Steering Committee** (CHSSC) spearheaded by our CEO. It defines Group strategies and policies regarding HS&E and sustainability, advises and assists the business lines with their implementation and follows up on progress. By sharing knowledge and unifying HS&E practices, such as standardized root cause analysis, and HS&E rules company-wide, we seek to make our processes more efficient.

In 2018, we selected an integrated Group HS&E reporting tool to support alignment, improve follow-up and reporting, underpin best practices and facilitate the monitoring of changing regulations. The pilot project in 2019 showed that the selected tool did not fully meet our requirements. A new test phase was therefore set up in Q1 2020 involving HS&E teams from several major Bedding, Flexible Foams and Insulation business line sites covering different countries. The global rollout will take place in the second quarter.

We never compromise on safety
We continue to raise awareness on safety. It is embedded in our Core Value of acting with respect and integrity. Since 2018 we hold every year a **Recticel Global Safety Day**. It relays the important message: safety is everyone's responsibility. Through our **Simply Safe** initiative across all business lines and in every site we introduced a clear framework of Golden Safety Principles and Golden Safety Rules displayed on posters at all our sites.

[11] https://www.eco-mobilier.fr/nine-innovative-and-ambitious-projects-in-order-to-find-new-ways-of-recycling-and-recovering-materials/

Our **Stop. Think. Act!** mantra reminds everyone that we should all try to change our habits to guarantee a safe working environment. Whenever we notice a hazard, or whenever we start a new task, we should **stop, think** and then **act.** In 2020, during the COVID-19 pandemic, we launched a **digital game-based safety learning** to train all our employees on critical safety aspects. New topics related to our Golden Safety Rules and general topics will be added on a regular basis.

See our corporate website for more information. https://www.recticel.com/sustainability-innovation/sustainability/health-safety-environment.html

2.3.2.2.2.2. An inspiring and rewarding place to work

Target: Add two new countries each year where the engagement survey is rolled out.

KPI: The number of countries in which engagement surveys are conducted among blue and white collars.

Result 2020: Not rolled out due to Covid-19 impact

In 2020, our focus was to follow-up on the insights gained from the engagement surveys executed in the previous years. For this purpose, we organised information sessions and workshop at all levels of the different business lines and in the local plants throughout the world. These groups reviewed the findings of the surveys and discussed the conclusions.

Background
Recticel's skilled and creative employees enable us to excel and achieve our sustainable growth ambitions. Success comes from being able to attract, motivate and retain a talented pool of workers. We seek to offer all our employees a stimulating and rewarding place to work, a place where they feel engaged, contribute to company goals, and where their talents can develop. We foster a collaborative and result-driven culture based on cooperation, respect, integrity and accountability. We encourage colleagues, customers and partners to innovate together to deliver winning solutions. Our human resources strategy aims to ensure the availability, engagement, motivation and continuous development of our employees.

We act with respect and integrity
Recticel strives to create a community where everyone is included and respected, bringing people together for a better world. We believe that a diverse team in terms of gender, nationality and professional experience improves the quality of decision making, and ultimately improves overall performance. Recticel is present in 19 countries with many nationalities and will, as from 2021, introduce a new KPI to increase the number of female senior managers.[12]

Recticel is an equal employer and training and development, and is committed to a fair and consistent approach to recruitment and selection. Recticel wants to hire all candidates irrespective of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation or hours of work.

Recticel is an equal opportunity employer who offers men and women the same opportunities to develop their talents, build a career and balance work-life by offering the opportunity to work full-time or part-time at every stage of this career.[13]

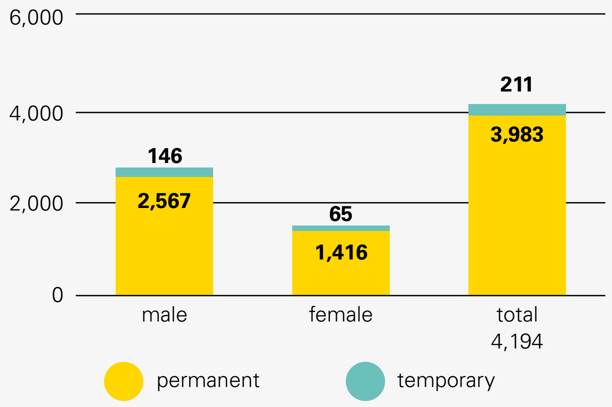
Currently one woman is represented in the Management Committee. Furthermore, one third of the members of the Board of Directors is a woman, in accordance with article 7:86 of the Belgian Companies and Associations Code.

The selection process of the members of the Board of Directors is described in the Corporate Governance Charter of Recticel, with the aim to come to a composition that is diverse in all its aspects, both at the level of gender, nationality, background, professional experience, competence and education.

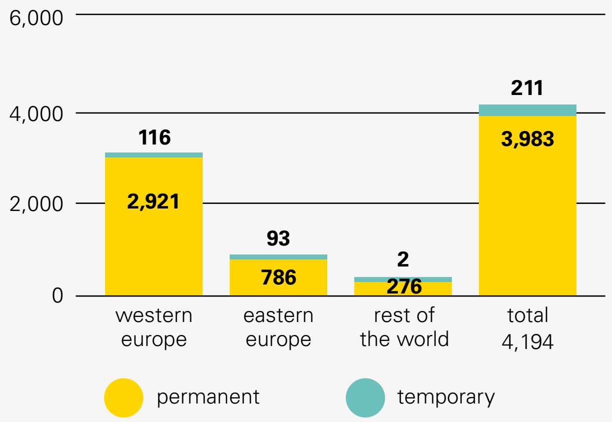
See also 1.5 Our Sustainability Strategy

[12] See 1. Presenting the Renewed Recticel
[13] See also the Diversity Statement in the Corporate Governance Statement

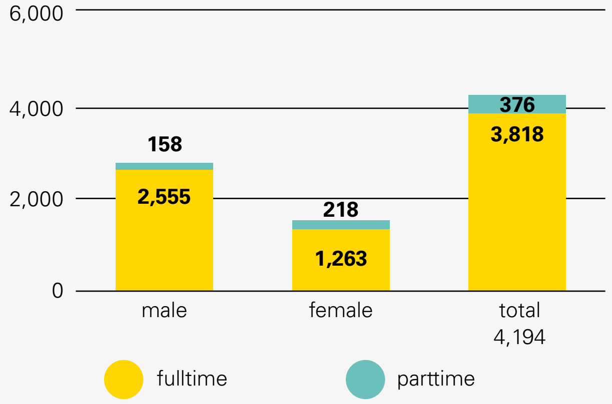
Total number of employees by employment contract by gender



Total number of employees by employment contract by region



Total number of employees by employment type by gender



2.3.2.2.3. Targets related to ethics and integrity

2.3.2.2.3.1. Business ethics and integrity

Target: Increase the number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed by 5% per year (cumulative) compared to 460 in 2015.

KPI: Number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed.

Result 2020: 2,866 (623% increase vis-à-vis the 2015 basis)

Due the impact of the Covid-19 pandemic, the number of training courses attended has decreased with 46% compared to 2019. When including the Automotive Business Line, the Result for 2020 is 3,243 (705% increase vis-à-vis the 2015 basis), and the number of training courses attended has decreased with 39% compared to 2019. Only a very limited number of in-person trainings have been organised in 2020. Trainings for specific target groups on "Pricing" (which was the topic of the Competition Law training) and "Protecting Technical Know-How" were delivered via MS Teams. In addition, Recticel offers four non-compulsory trainings via an e-learning platform to all office employees on EU Competition Law Compliance, Bribery Policy/UK Bribery Act, Intellectual Property, and Product Liability.).

Background
The legal training creates, increases and maintains awareness with Recticel employees regarding legislation as well as internal codes and policies to limit the company's risks of non-compliance.

Acting with respect and integrity is one of our core values. Respectful behaviour acknowledges the worth, dignity and uniqueness of others. We have created **codes and policies** to ensure we do business honestly, respectfully, and in full compliance with international rules and regulations.

A clear set of **values** and respectful behaviours unites our organisation. Redefined in 2016, our values align our actions and attitudes towards internal and external stakeholders. Behaviours associated with the five key values give direction to our employees and stakeholders.

Recticel highly values the importance of legal training, especially for those **target groups** who, due to the nature of their professional activities, are at a higher risk of being exposed to noncompliant situations, bribery or corruption. Our Corporate Legal Team regularly provides face-to-face training sessions and subject specific e-learning modules.

The range of **mandatory Legal e-learnings** for all Recticel office employees comprises three modules: "Basics of Contract Law", "Data Protection", and "Ethics Policy". The status "completed" is only achieved if the office employee obtains a test result of minimum 80% at the end of each module.

Ethics and compliance as part of our DNA
Corporate compliance is embedded in all our policies. We have developed guidelines for awareness creation, templates for reporting compliance issues, whistleblowing procedures and speak-up communication channels that enable employees to address issues in a variety of ways.

Recticel is aware of corporate risks, and we apply due diligence to both our own operations and supply chain. Where specific risks or exposure to noncompliant situations, bribery or corruption have been identified, policies are implemented that provide guidelines on how to avoid or mitigate them. Recently, the whistleblowing procedure has been updated, translated in 14 languages and published in early 2020 in order to complement our Ethics Policy of 2017.

2.3.2.2.4. Targets related to human rights

Regarding the respect of human rights, Recticel has, as a precautionary measure, taken over the obligation in its purchasing conditions that its suppliers do business in an ethical, correct, transparent, trustworthy and social responsible way and that they guarantee that nor their personnel or subcontractors are involved in discrimination, violation of human rights, corruption, violation of antitrust laws, child labor, forced labor, slavery or other unacceptable labor working conditions or terms. In this framework, the suppliers need to comply strictly with the 'Recticel Supplier Sustainability Requirements (RSSR)'. At first request of Recticel the suppliers need to be able to demonstrate that they respect this RSSR. Recticel will put a control mechanism in place to conduct audits within the supply chain based on risk assessment and report over its results as of 2021.[14]

Summary
The table below provided a summary of Recticel's sustainability strategy regarding its six material aspects, the seven KPIs and targets.

[14] See 1.5 Our Sustainability Strategy

SUMMARY TABLE

RECTICEL'S MATERIAL TOPICS AND RELATED KPIs

(table subject to PwC limited assurance)(*)

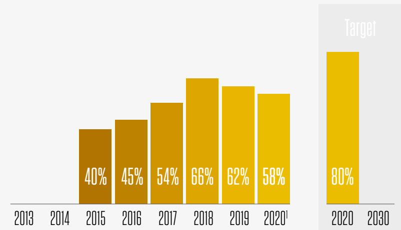
MATERIAL ASPECT	KPI	2016	2017	2018	2019	2020*
INNOVATION FULFILLING SOCIETAL NEEDS	Sustainability Index (Percentage of active R&D projects classified as sustainable)	45%	54%	66%	62%	58%
OPTIMISING CARBON FOOTPRINT	Recticel carbon footprint (tonnes of CO_2e)	1,082,707	1,090,548	998,407	969,543	921,784
	Positive impact Recticel expressed in tonnes of avoided CO_2e in use phase	38,767,116	39,391,355	36,898,355	39,723,922	43,042,050
RESOURCE EFFICIENCY	Tonnes of recycled flexible foam produced by Recticel	5,567	5,129	4,534	5,044	4,063
BUSINESS ETHICS AND INTEGRITY	Number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules	425	526	4,631	5,309	2,866
REDUCING HS&E IMPACTS OF OUR ACTIVITIES	Work accident frequency rate	5.8	6	5.8	4.4	5.3
INSPIRING & REWARDING PLACE TO WORK	The number of countries in which engagement surveys are conducted among blue and white collars	3 countries	2 countries	2 countries	5 countries	Not organised due to Covid-19 impact

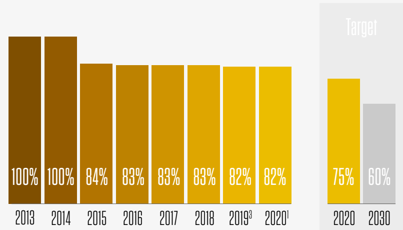
(*) The Independent Limited Assurance report by PwC covering 2020 can be found as an annex to the Non-Financial Information Statement of Recticel.

SUSTAINABILITY STRATEGY SUMMARY

SUSTAINABLE INNOVATION PLAN

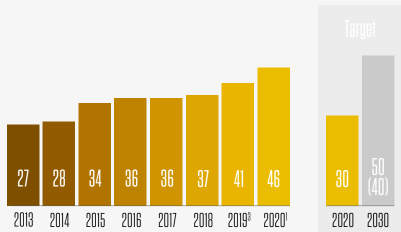
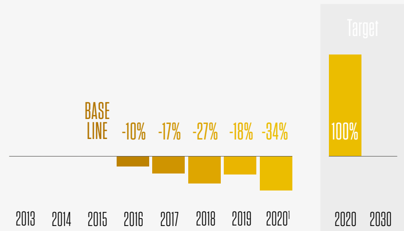
<table>
<tr><th>MATERIAL ASPECT</th><th>KPI</th><th>TARGET</th><th></th><th>COMMENTS</th><th>EVOLUTIONS</th></tr>
<tr>
<td>INNOVATION FULFILLING SOCIETAL NEEDS</td>
<td>Sustainability index.

(scope: innovation pipeline Sustainable Innovation Department)</td>
<td>80% of active[2] R&D projects classified as sustainable by 2020 according to the Sustainability Index.</td>
<td>
</td>
<td>As in 2019, the result this year remains stable due to the strict assessment methodology we developed in 2015. It is almost impossible for certain R&D projects pursuing 100% sustainability objectives to reach the threshold value to be considered sustainable. In the spirit of the sustainability strategy, we continue to pursue our 80% target. In 2020, we reviewed our scoring methodology during the limited assurance process and revised it subsequently. According to our calculations, we would have reached our target for 2020 if we had used the revised Sustainability Index.</td>
<td>In 2021, we will introduce our revised method of scoring.</td>
</tr>
<tr>
<td rowspan="2">OPTIMISING CARBON FOOTPRINT</td>
<td>Recticel Carbon footprint indicator expressed in tonnes of CO_2 equivalent compared to the 100% activity level in 2013.

(scope: production sites)
The method of calculation is derived from the Cradle to Grave method.</td>
<td>Reduce Recticel Carbon Footprint Indicator by 25% in 2020 and by 40% in 2030.</td>
<td>
</td>
<td>There have been no fundamental changes in carbon footprint reduction. Without the Automotive divestment, we would have seen a slight improvement of the carbon footprint reduction in 2020.</td>
<td>Our actions are directed toward raw materials with lower-carbon footprint impact, as well as increasing the use of end-of-life flexible PU foam.
In 2021 - 2022 we want to introduce new products with bio-based or recycled content.</td>
</tr>
<tr>
<td>Net Recticel Impact Ratio (whole value chain) defined as ratio of the Recticel Positive Impact to the Recticel Carbon Footprint. The Recticel Positive Impact is expressed in tonnes of avoided CO_2 equivalent in use phase.

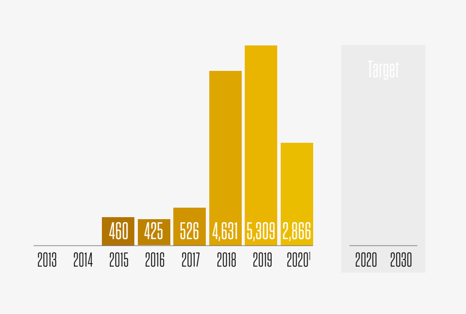
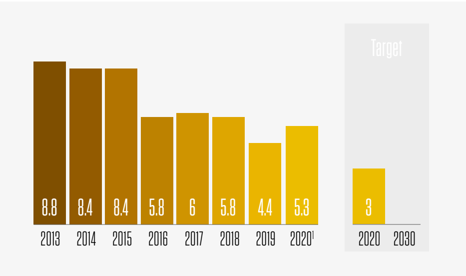
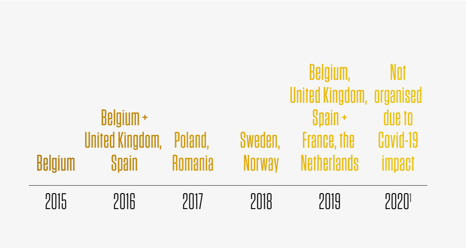
(using appropriate method of calculation per type of product and using appropriate conversion factors calculated by a third party)</td>
<td>Increase Net Recticel Impact Ratio from 20* in 2013 to 30 by 2020 and 50 (40) by 2030.

We have reached our 2020 target three years early and have amended our 2030 target to 50.

* We have reviewed our method of calculation. The original results over 2013, 2014, 2015 were 20, 20, 26.</td>
<td>
</td>
<td>The growing impact of the Insulation volume continues to have a positive impact on the multiple. This is clearly reflected in the 12% increase of the multiple compared to 2019.</td>
<td>We expect that the positive impact of further Insulation growth will continue. In addition, our actions as described above to reduce the Recticel carbon footprint will also impact the value. For 2030 we foresee that we will almost double our multiple from 46 to 75.</td>
</tr>
<tr>
<td>RESOURCE EFFICIENCY</td>
<td>Tonnes of recycled flexible foam produced by Recticel.</td>
<td>100% increase by 2020 compared to 2015.
The increase is possible if flexible foam production waste is gradually replaced by post-consumer waste.</td>
<td>
</td>
<td>Our target for resource efficiency is to recycle flexible PU foam for which we are using two technologies: bonded foam (a discontinous process) and fiber-bonded foam (a continuous process). We initially only processed postproduction foam with the intention of gradually replacing it by postconsumer foam. We have succeeded in introducing postconsumer foam in fiber-bonded foam applications such as acoustic insulation boards. These volumes are rapidly growing. In 2020, we recycled the end-of-life foam equivalent of 100,000 mattresses. As for the bonded foam technology, where volumes are decreasing, we expect to be able to introduce postconsumer foam in the course of 2021. As a result, we did not reach our 2020 target.</td>
<td>We have decided to use from now on only end-of-life (postconsumer) flexible foam for mechanical recycling. For 2025, we have set a target of 5,000 tons, the equivalent of more than 250,000 mattresses.</td>
</tr>
</table>

[1] The results over 2020 exclude the Automotive business line due to its divestment. The results over the previous years have not been restated.
[2] Scoring performed over R&D projects active in November 2020
[3] We have updated one of the emission factors for the carbon footprint calculation of the Insulation business line. The impact is not material.

PEOPLE PRIORITY PLAN

MATERIAL ASPECT	KPI	TARGET		COMMENTS	EVOLUTIONS
BUSINESS ETHICS AND INTEGRITY	Number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed.	Increase the number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed by 5% per year (cumulative) compared to 460 in 2015.		Due the impact of the Covid-19 pandemic, the number of training courses attended has decreased with 46% compared to 2019. When including the Automotive Business Line, the result for 2020 is 3,243 (705% increase vis-à-vis the 2015 basis), and the number of training courses attended has decreased with 39% compared to 2019. Only a very limited number of in-person trainings have been organised in 2020. Trainings for specific target groups on "Pricing" (which was the topic of the Competition Law training) and "Protecting Technical Know-How" were delivered via MS Teams. In addition, Recticel offers four non-compulsory trainings via an e-learning platform to all office employees on EU Competition Law Compliance, Bribery Policy/UK Bribery Act, Intellectual Property, and Product Liability.	In 2021, as soon as the closing of the FoamPartner acquisition has been successfully completed, all new office employees will be invited to follow the range of mandatory e-learnings comprised of 'Ethics Policy', 'Data Protection', and 'Basics of Contract Law'[2]. The training needs for those target groups who, due to the nature of their professional activities, are at a higher risk of being exposed to noncompliant situations, bribery or corruption will be assessed as well.
REDUCE HS&E IMPACT OF OUR ACTIVITIES	Frequency work accidents represents the average on Group level for all our plants and offices.	Frequency = < 3 by 2020 $\frac{\text{number of accidents x 1,000,000}}{\text{number of hours performed}}$		We see an increase in the results compared to 2019 due to the divestment of Automotive in 2020. At the same time, there is a positive evolution with regard to the number of severe accidents that is decreasing. Still, too many minor behaviour-based accidents occur resulting in a stagnation of the frequency.	We continue to work on our Golden Safety Rules & Principles to change safety awareness and behaviour. We will therefore further rollout game-based learning modules for all blue and white collar employees. It offers a new way of mastering the basic safety guidelines and of testing the understandings based on real-life situations and problems. New software will be implemented in 2021 to standardize and improve the reporting company-wide.
AN INSPIRING AND REWARDING PLACE TO WORK	The number of countries in which engagement surveys are conducted among blue and white collars.	Two new countries each year.		Due to the Covid-19 pandemic the engagement survey could not be rolled out. In 2020, our focus was to follow up on the insights gained from the engagement surveys executed in the previous years. For this purpose, we organised information sessions and workshop at all levels of the different business lines and in the local plants throughout the world. These groups reviewed the findings of the surveys and discussed the conclusions.	Triggered by the first lock-down in 2020, the Recticel Management Committee launched a work-group to reflect upon New Ways of Working at Recticel. The workgroup was composed of employees from a wide variety of professional backgrounds, including different Business Lines, Functions, and Countries. As an outcome of this process, the Management Committee validated two areas in which the company shall further explore and intensify its efforts as from 2021: Employee Wellbeing; Engagement and Motivation; Communication.

[1] The results over 2020 exclude the Automotive business line due to its divestment. The results over the previous years have not been restated.

[2] For "Data Protection", "Ethics Policy" and "Basics of Contract Law" the status "completed" is only achieved if the office employee obtains a test result of minimum 80% at the end of the module.

2.3.3. Independent limited assurance report on selected sustainability indicators of the non-financial information statement

INDEPENDENT LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY INDICATORS OF THE NON-FINANCIAL INFORMATION STATEMENT 2020 OF RECTICEL NV AND ITS SUBSIDIARIES

This report has been prepared in accordance with the terms of our contract dated 12 October 2020 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with selected Sustainability Indicators in the non-financial information statement 2020 as included in the Annual Report of Recticel NV and its subsidiaries as of and for the year ended 31 December 2020 (the "Report").

The Directors' Responsibility

The Directors of Recticel NV ("the Company") are responsible for the preparation and presentation of the information and data in the selected Sustainability Indicators presented in the Summary Table "Recticel's material topics and related KPIs" as included in the non-financial information statement 2020 of the Annual Report of Recticel NV and its subsidiaries (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement contract.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information does not comply, in all material respects, with the Criteria.

PwC Bedrijfsrevisoren bv - PwC Reviseurs d'Entreprises srl - Risk Assurance Services
Maatschappelijke zetel/Siège social: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
T: +32 (0)2 710 4211, F: +32 (0)2 710 4299, www.pwc.com
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

In a limited-assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable- assurance engagement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Subject Matter Information in respect of the Criteria. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2020 presented in the Report;
- conducting interviews with responsible officers including site visits;
- inspecting internal and external documents.

The scope of our work is limited to assurance over the selected Sustainability Indicators presented in the Summary Table "Recticel's material topics and related KPIs" for the year ended 31 December 2020, as included in the non-financial information statement 2020 of the Annual Report of Recticel NV and its subsidiaries. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected Sustainability Indicators presented in the Summary Table "Recticel's material topics and related KPIs" for the year ended 31 December 2020, as included in the non-financial information statement 2020 of the Annual Report of Recticel NV and its subsidiaries, do not comply, in all material respects, with the Criteria.

Other matter - Restriction on Use and Distribution of our Report

Our report is intended solely for the use of the Company, in connection with their Report as of and for the year ended 31 December 2020 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Sint-Stevens-Woluwe, 16 March 2021

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL
represented by

Marc Daelman
Registered auditor

2.4. Financial report

Financial calendar

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

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

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

2.4.1. Consolidated financial statements

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

2.4.1.1. Consolidated income statement

in thousand EUR

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

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

1 Following the partial divestment from Automotive Interiors on 30 June 2020 (see press release of 01 July 2020), Automotive Interiors is integrated in the consolidated accounts according to the 'equity method'. Due the loss of control as a result of the partial divestment of Automotive Interiors and the sale of Eurofoam, the 2019 consolidated income statement was restated to present their operations as discontinued operations.

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

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

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

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

2.4.1.2. Earnings per share

in EUR

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

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

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

2.4.1.3. Consolidated statement of comprehensive income

in thousand EUR

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

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

2.4.1.4. Consolidated statement of financial position

in thousand EUR

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

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

2.4.1.5. Consolidated cash flow statement

in thousand EUR

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

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

in thousand EUR

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

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

Changes in financial liabilities

For the year ending 31 December 2020

in thousand EUR

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

Change in scope relates to Automotive Interiors.

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

For the year ending 31 December 2019

in thousand EUR

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

Change in scope relates to Proseat.

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

2.4.1.6. Statement of changes in shareholders' equity

For the year ending 31 December 2020

in thousand EUR

Group Recticel	Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Translation differences and hedging reserves	Total shareholders' equity	Non-controlling interests	Total equity, non-controlling interests included
Balance at 31 December 2019	**138 494**	**130 334**	**(1 450)**	**(25 621)**	**51 227**	**(18 288)**	**274 696**	**701**	**275 397**
Dividends	0	0	0	0	(13 299)	0	(13 299)	0	(13 299)
Stock options (IFRS 2)	0	0	0	609	0	0	609	0	609
Capital movements [1]	863	933	0	0	0	0	1 796	0	1 796
Shareholders' movements	**863**	**933**	**0**	**609**	**(13 299)**	**0**	**(10 894)**	**0**	**(10 894)**
Profit or loss of the period	**0**	**0**	**0**	**0**	**63 151**	**0**	**63 151**	**4**	**63 155**
Other comprehensive income	0	0	0	2 464	(2 252)	6 910	7 122	0	7 122
Total comprehensive income	**0**	**0**	**0**	**2 464**	**60 899**	**6 910**	**70 273**	**4**	**70 277**
Reclassification	0	0	0	61	(61)	0	0	0	0
Balance at 31 December 2020	**139 357**	**131 267**	**(1 450)**	**(22 487)**	**98 766**	**(11 378)**	**334 075**	**705**	**334 780**

[1] see note 2.4.2.5.12.

For the year ending 31 December 2019

in thousand EUR

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

[1] see note 2.4.2.5.12.

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

2.4.2.1. Summary of significant accounting policies

2.4.2.1.1. Statement of compliance - basis of preparation

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

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

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

2.4.2.1.2. Changes in accounting policies and disclosures

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

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

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

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

Following the partial divestment from Automotive Interiors on 30 June 2020 (see press release of 01 July 2020), Automotive Interiors is integrated in the consolidated accounts according to the 'equity method'. Due the loss of control as a result of the partial divestment of Automotive Interiors and the sale of Eurofoam, the 2019 consolidated income statement was restated to present their operations as discontinued operations.

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

2.4.2.1.3. General principles

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

• Business combinations

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

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

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

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

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

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

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

Intangible assets acquired separately

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

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

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

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

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

Goodwill

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

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

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

Leases

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

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

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

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

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

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

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

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

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

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

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

Impairment of tangible and intangible assets

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

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

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

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

Non-current assets held for sale

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

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

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employee benefit liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Provisions

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

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

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

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

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

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

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

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

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

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

The most common types of variable consideration that can be identified are:
- Volume discounts (Flexible Foams, Bedding, Insulation)
- Year-end rebates (Flexible Foams, Bedding, Insulation)
- Adjustments to cope with changes in raw material prices on a prospective basis (Flexible Foams).

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

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

The most common types of considerations paid to the customer (in bedding and insulation) relate to:
- Participation to flyers
- Participation to advertising campaigns
- Promotional in-store activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4.2.1.4. Major sources of estimation uncertainty and key judgments

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

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

The estimated results of such possible future events may consequently diverge from the actual impact on results. Judgments and estimates were made, inter alia, regarding:

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

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

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

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

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

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

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

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

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

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

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

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

For **2020:**

in thousand EUR

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

For **2019:**

in thousand EUR

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

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

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

For **2020:**

in thousand EUR

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

Footnote: Working capital is not included in the analysis.

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

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

For **2019:**

in thousand EUR

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

Footnote: Working capital is not included in the analysis.

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

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

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

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

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

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

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

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

The discount factors are reviewed at least annually.

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

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

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

A. Flexible Foams

• Key assumptions

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

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

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

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

• Sensitivity analysis

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

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

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

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

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

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

B. Bedding

• Key assumptions

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

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

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

• Sensitivity analysis

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

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

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

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

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

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

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

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

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

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

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

Put/call options on discontinued operations Proseat and Automotive Interiors
On 19 February 2019, Recticel announced the closing of the transactions as a result of which Sekisui Plastics Co., Ltd. acquired 75% in Proseat. Recticel holds a 25% participation in Proseat with the option to sell this remaining participation within three years if Sekisui exercises its call option during this period, or after three years (in March 2022) when Recticel can exercise its put option.

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

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

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

Both put/call option structures have been recognised as derivative financial instruments at fair value with changes in fair value to be recognised in profit or loss. The value of both options have been calculated using the Black & Sholes option price formula, with the following key assumptions : (i) spot price equal to the estimated enterprise value per end December 2020, (ii) automotive parts' sector volatility, (iii) maturity based on terms and conditions set out in the initial share purchase agreement, (iv) a risk-free interest rate of -0.68% and (iv) a dividend yield of 0%.

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

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

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

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

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

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

Deferred tax assets are mainly recognised for the unused tax losses carried forward to the extent that future taxable profits are expected to be available to offset these unused tax losses carry forwards. For this purpose, management bases recognition of deferred tax assets on its business plans (see note 2.4.2.4.6). In this respect, and despite the impact of COVID-19, sufficient taxable profits are expected to be generated going-forward.

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

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

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

2.4.2.1.5. COVID-19 impact

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

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

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

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

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

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

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

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

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

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

2.4.2.1.6. Brexit

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

2.4.2.2. Changes in scope of consolidation

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

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

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

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

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

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

In accordance with IFRS 5, both above-mentioned businesses have been presented as discontinued operations in the consolidated income statement. Details are disclosed in note 2.4.2.4.7.

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

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

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

in thousand EUR

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

2.4.2.3. Business and geographical segments

2.4.2.3.1. Business segments

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

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

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

Income statement for the year 2020

in thousand EUR

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

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

Income statement for the year 2019 (restated)

in thousand EUR

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

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

Disaggregation of consolidated revenues

in thousand EUR

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

Other information 2020

in thousand EUR

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

Other information 2019 (restated)

in thousand EUR

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

Impairments

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

EBITDA

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

The breakdown of the goodwill per business line

in thousand EUR

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

Adjustments to Operating profit (loss) per segment

in thousand EUR

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

For 2020

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

For 2019 (restated)

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

2.4.2.3.2. Geographical repartition and disaggregation of sales

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

Sales (by destination)

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

in thousand EUR

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

Reliance on major customers

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

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

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

in thousand EUR

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

2.4.2.4. Income statement

2.4.2.4.1. Gross profit

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

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

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

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

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

2.4.2.4.3. Other operating revenues and expenses

in thousand EUR

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

Restructuring

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

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

Gain (loss) on disposal of tangible and intangible assets

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

2.4.2.4.4. Operating profit (loss)

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

in thousand EUR

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

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

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

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

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

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

2.4.2.4.5. Financial result

in thousand EUR

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

2.4.2.4.6. Income taxes

1. Income tax charges

in thousand EUR

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

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

in thousand EUR

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

in thousand EUR

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

2. Deferred tax assets and liabilities

in thousand EUR

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

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

Tax loss carry-forwards – amounts by expiration date:

in thousand EUR

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

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

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

in thousand EUR

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

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

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

in thousand EUR

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

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

2.4.2.4.7. Discontinued operations

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

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

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

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

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

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

In the framework of the finalization of the closing accounts per 30 June 2020 linked to the Automotive Interiors divestment, a dispute has arisen with the purchaser with regard to certain amounts to be taken into consideration for deduction from the purchase price, as well as a claimed breach of the agreement. (cfr 2.4.2.6.9. Contingent assets and liabilities). Although this dispute is still in the negotiation phase, management has assessed the potential impact, is confident to have a solid defense file and believes that all necessary elements have been considered in the determination of the transaction result.

in thousand EUR

Group Recticel	Disposal of Eurofoam	Disposal of Automotive Interiors
Total gain (loss) on transaction	**124 428**	**(41 225)**
Net result of the period	3 813	(18 330)
Total profit (loss) discontinued activities	**128 241**	**(59 555)**

The results are composed as follows:

in thousand EUR

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

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

in thousand EUR

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

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

in thousand EUR

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

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

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

2.4.2.4.8. Dividends

Amounts recognised as distributions to equity holders in the period.

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

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

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

2.4.2.4.9. Basic earnings per share

From continuing and discontinued operations

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

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

in EUR

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

2.4.2.4.10. Diluted earnings per share

Computation of the diluted earnings per share :

in thousand EUR

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

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

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

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

2.4.2.5. Statement of financial position

2.4.2.5.1. Intangible assets

For the year ending 31 December 2020:

in thousand EUR

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

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

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

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

For the year ending 31 December 2019:

in thousand EUR

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

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

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

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

2.4.2.5.2. Property, plant & equipment

For the year ending 31 December 2020:

in thousand EUR

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

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

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

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

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

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

For the year ending 31 December 2019:

in thousand EUR

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

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

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

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

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

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

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

2.4.2.5.3. Right-of-use assets

For the year ending 31 December 2020:

in thousand EUR

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

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

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

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

For the year ending 31 December 2019:

in thousand EUR

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

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

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

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

in thousand EUR

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

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

2.4.2.5.4. Subsidiaries, joint ventures, associates and other associates

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

1. SUBSIDIARIES CONSOLIDATED ACCORDING TO THE FULL CONSOLIDATION METHOD

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

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

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

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

(a) Automotive Interiors activities divested on 30 June 2020

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

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

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

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

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

2. JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

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

(e) Divested on 30 June 2020

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

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

3. ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

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

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

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

4. NON-CONSOLIDATED ENTITIES

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

% shareholding in

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

(a) Automotive Interiors activities divested on 30 June 2020

2.4.2.5.5. Interests in joint ventures, associates and other associates

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

in thousand EUR

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

(1) In **2020**, the item 'Change in scope' relates mainly to the sale of 50% participation in Eurofoam and the transfer of the remaining 25% stake in Proseat to the item Other associates.
(2) Dividends distributed by the Eurofoam group prior to the divestments.
(3) In 2020 a reclassification was made of the interests in associates. Associates considered as being part of the Group's core business (i.e. Orsafoam) are reported under the item "Interest in associates", whereas associates not considered as being part of the Group's core business (i.e. Proseat and Automotive Interiors) are reported under the item "Interests in other associates". (cfr. 2.4.2.4.7.)
(4) Impairment loss relates to Proseat, which has been recognized as a result of the realized losses. The recoverable amount is based on fair value measurement (level 3) on the basis of an enterprise value of EUR 90 million minus of the net financial debt.
(5) **In 2019** this relates to (i) the acquisition of the 49% stake in the Proseat companies held by the former joint venture partner Woodbridge and the subsequent sale to Sekisui Plastics Co Ltd of 75% of Proseat – the remaining 25% now controlled through Proseat Europe GmbH and consolidated following the equity method -; (ii) the acquisition of 49% of Proseat NV (Belgium) and (iii) the acquisition of the additional 24% of the shares in Turvac (Insulation) – previously consolidated following the equity method and since 2019 following the full consolidation method.
(6) the actuarial profit relates to the impact of the lower discount rate under IAS19 pension liabilities
(7) In 2019 the item Group's share in the result of the period decreased compared to 2018 and results mainly from the lower result of Eurofoam, including restructuring costs for the closure of the plant in Troisdorf (Germany). The above table compares a 12-month period to a full-year period, but one should also consider the dividends distributed during the period.
(8) Dividends distributed by the joint ventures relate primarily to the Eurofoam group and to a lesser extent Orsafoam.

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

in thousand EUR

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

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

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

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

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

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

in thousand EUR

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

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

2.4.2.5.6. Other financial assets

in thousand EUR

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

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

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

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

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

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

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

2.4.2.5.7. Inventories

in thousand EUR

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

2.4.2.5.8. Contract assets and contract liabilities

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

For the year ending 31 December 2020:

in thousand EUR

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

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

For the year ending 31 December 2019:

in thousand EUR

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

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

2.4.2.5.9. Trade receivables, other receivables and other financial assets

in thousand EUR

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

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

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

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

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

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

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

in thousand EUR

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

* included in the current financial liabilities

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

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

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

in thousand EUR

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

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

2.4.2.5.10. Cash and cash equivalents

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

2.4.2.5.11. Assets held for sale and discontinued operations

Assets held for sale

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

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

Discontinued operations

See note 2.4.2.4.7.

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

2.4.2.5.12. Share capital

number

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

in thousand EUR

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

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

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

2.4.2.5.13. Employee benefit liabilities

in thousand EUR

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

Post-employment benefits: defined benefit plans

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

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

in thousand EUR

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

Belgium

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

United Kingdom

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

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

Switzerland

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

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

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

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

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

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

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

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

in thousand EUR

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

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

in thousand EUR

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

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

in thousand EUR

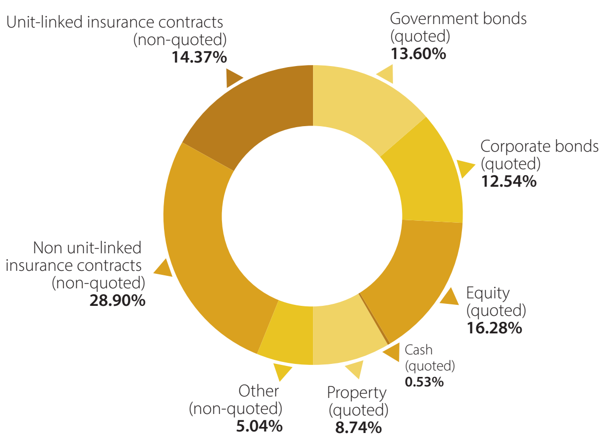
Group Recticel	31 DEC 2020	31 DEC 2019
Amounts recorded in the statement of financial position in respect of the defined benefit plans are:		
Defined benefit obligations for funded plans	168 673	173 466
Fair value of plan assets	(127 831)	(128 340)
Funded status for funded plans	**40 842**	**45 126**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

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

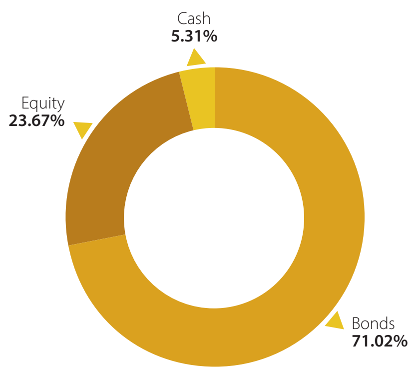
Movement of the plan assets		
Fair value of plan assets at 01 January	128 340	109 445
Changes in scope of consolidation	(5 127)	882
Interest income	987	1 875
Employer contributions	8 955	7 121
Employee contributions	269	303
Benefits paid (direct & indirect, including taxes on contributions paid)	(9 513)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

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

Plan assets portfolio mix at 31 December 2020



Asset classes of unit-linked insurance contracts



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

in thousand EUR

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

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

in thousand EUR

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

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

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

2.4.2.5.14. Provisions

For the year ending 31 December 2020:

in thousand EUR

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

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

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

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

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

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

2.4.2.5.15. Financial liabilities

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

in thousand EUR

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

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

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Drawn amounts under the various available interest-bearing borrowing facilities		
Outstanding amounts under lease liabilities	55 726	80 561
Outstanding amounts under other non-current loans	14 701	19 773
Outstanding amounts under non-current gross interest-bearing borrowings (a)	**70 427**	**100 334**
Outstanding amounts under bank overdrafts	1 152	742
Outstanding amounts under current bank loans	1 176	2 036
Outstanding amounts under lease liabilities	11 142	15 837
Outstanding amounts under factoring programs - retention amount	0	758
Outstanding amounts under commercial paper programs [1]	0	96 936
Outstanding amounts under other current loans	260	260
Outstanding amounts under other financial liabilities	673	846
Outstanding amounts under current gross interest-bearing borrowings (b)	**14 403**	**117 416**
Total outstanding amounts under gross interest-bearing borrowings (c)=(a)+(b)	**84 830**	**217 750**
Outstanding amounts under non-recourse factoring programs (d)	0	47 051
Total outstanding amounts under gross interest-bearing borrowings and factoring programs (e)=(c)+(d)	**84 830**	**264 801**
Weighted average lifetime of non-current interest-bearing borrowings (in years)	**4.7**	**3.5**
Weighted average interest rate of gross financial debt at fixed interest rate	2.24%	1.98%
Interest rate range of gross financial debt at fixed interest rate	1.46% - 2.62%	1.46% - 2.62%
Weighted average interest rate of gross financial debt at variable interest rate	2.02%	0.39%
Interest rate range of gross financial debt at variable interest rate	0.80% - 3.70%	0.25% - 3.70%
Weighted average interest rate of total gross financial debt	**2.24%**	**0.90%**
Percentage of gross financial debt at fixed interest rate	**100.0%**	**32.0%**
Percentage of gross financial debt at variable interest rate	**0.0%**	**68.0%**

[1] The amount drawn under the commercial paper program is to be covered at any time by the undrawn amount under the club deal facility. Therefor the reported unused amount under the EUR 175 million club deal revolving credit facility is after deduction of the issued amounts under the commercial paper program.

The fair value of floating rate borrowings is close to amortised cost.

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

(i) Lease liabilities

Lease liabilities comprise (i) following the application of IFRS 16 the leases for property, plant and equipment, furniture and vehicles (see note 2.4.2.1.2.1.1.), and (ii) leases formerly classified as 'finance leases'. These finance leases consist mainly of three leases:

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

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

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

(ii) Bank loans – "club deal"

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

On 04 December 2020 the Group entered into

(i) a new EUR 100 million syndicated revolving credit facility to replace the EUR 175 million 'club deal' facility maturing in February 2021, and

(ii) a EUR 205 million acquisition financing facility to finance the acquisition of FoamPartner, that has been closed on 31 March 2021.

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

(iii) Other bank loans

In 2018, Recticel concluded a secured fixed rate bilateral bank loan of EUR 15.5 million for the financing of the new greenfield Insulation plant in Finland. The tenor of this amortising bank loan is 15 years, with maturity in March 2033. The outstanding amount at 31 December 2020 is EUR 13.7 million.

(iv) Commercial paper program

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

• Other financial liabilities

For interest rate swaps reference is made to 2.4.2.5.17.

in thousand EUR

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

2.4.2.5.16. Trade and other payables

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

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

in thousand EUR

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

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

2.4.2.5.17. Financial instruments and financial risks

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

in thousand EUR

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

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

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

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

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

Financial risk management

• Credit risk

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

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

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

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

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

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

• Interest rate risk management

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

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

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

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

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

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

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

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

Sensitivity to interest rates

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

• Profit and loss impact from interest rate hedges

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

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

• Currency risk management

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

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

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

Sensitivity analysis on currency risks

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

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

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

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

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

in thousand EUR

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

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

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

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

Liquidity risk

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

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

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

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

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

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

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

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

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

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019
Unused amounts under non-current financing facilities		
Undrawn available commitments under the club deal facility [1]	175 000	78 064
Undrawn available under non-current commitments maturing within one year	0	0
Undrawn available under other non-current commitments	0	0
Total available under non-current facilities	**175 000**	**78 064**
Unused amounts under current financing facilities		
Undrawn under current on-balance facilities	40 995	53 087
Undrawn under off-balance factoring programs	56 219	35 333
Total available under current facilities	**97 214**	**88 420**
Total unused amounts under financing facilities	**272 214**	**166 484**

[1] The amount drawn under the commercial paper program is to be covered at any time by the undrawn amount under the club deal facility. Therefor the reported unused amount of EUR 175 million under the EUR 175 million club deal revolving credit facility is after deduction of the issued amounts under the commercial paper program.

• **Maturity analysis of financial liabilities**

For the year ending 31 December 2020:

in thousand EUR

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

For the year ending 31 December 2019:

in thousand EUR

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

2.4.2.5.18. Business combinations and disposals

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

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

2.4.2.5.19. Capital management

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

in thousand EUR

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

2.4.2.6. Miscellaneous

2.4.2.6.1. Other off-balance sheet items

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

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

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

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

For subsidiaries:

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

For other associates:

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

in thousand EUR

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

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 105.3 million), lessors (EUR 45.1 million), governmental institutions (EUR 3.8 million) and other third parties (EUR 6.5 million).

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

2.4.2.6.2. Share-based payments

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

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

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

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

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

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

in units

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

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

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

in units

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

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

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

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

in units

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

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

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

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

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

2.4.2.6.3. Events after the reporting date

• Liquidity – Going-concern

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

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

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

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

• Acquisition FoamPartner

On 10 November 2020, Recticel announced that it has entered into final agreements with Swiss-listed Conzzeta AG (SIX:CON) to acquire 100% of FoamPartner in cash for an enterprise value of CHF 270 million, CHF 20 million of the price being payable in January 2022. This represents an 8.6x average 2019A-2020F normalized EBITDA multiple. The transaction is subject to customary conditions precedent including antitrust approvals.

FoamPartner is a global provider of high value-added technical foam solutions in the Mobility, Industrial Specialties and Living & Care markets. There is significant complementarity and synergy upside with Recticel.

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

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

Financing is secured by a syndicated acquisition facility which has been arranged and fully underwritten by KBC Bank and to which Belfius Bank and BNP Paribas Fortis confirmed their participation. The acquisition facility has a 3-year tenor with two 1-year extension options.

Closing of the transaction was completed on 31 March 2021.

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

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

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

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

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

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

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

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

2.4.2.6.4. Related party transactions

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

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

Transactions with joint ventures and associates: 2020

in thousand EUR

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

Transactions with joint ventures and associates: 2019

in thousand EUR

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

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

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

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

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

in EUR

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

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

Total gross remuneration for the members of the Management Committee

in EUR

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

2.4.2.6.6. Exchange rates

in EUR

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

2.4.2.6.7. Staff

in units

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

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

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

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

in thousand EUR

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

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

2.4.2.6.9. Contingent assets and liabilities

a) *Tertre (Belgium)*

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

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

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

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

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

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

b) Wetteren (Belgium)

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

c) Litigations

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

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

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

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

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

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

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

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

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

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

In the framework of the finalization of the closing accounts per 30 June 2020 linked to the Automotive Interiors divestment, a dispute has arisen with the purchaser with regard to certain amounts to be taken into consideration for deduction from the purchase price, as well as a claimed breach of the agreement. This dispute is in the negotiation phase.

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

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

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

2.4.2.6.10. Reconciliation table of Alternative Performance Measures

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

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

in thousand EUR

Group Recticel	31 DEC 2020	31 DEC 2019 restated [1]
Income statement		
Sales	828 793	878 521
Gross profit	157 030	168 664
EBITDA	51 609	60 715
Operating profit (loss)	13 848	24 417
Operating profit (loss)	**13 848**	**24 417**
Amortisation intangible assets	1 933	1 942
Depreciation tangible assets	32 377	33 018
Amortisation deferred charges long term	1 011	943
Impairments on goodwill. intangible and tangible fixed assets	2 439	395
EBITDA	**51 609**	**60 715**
EBITDA	**51 609**	**60 715**
Restructuring charges	2 034	6 654
Other [1]	5 198	3 375
Adjusted EBITDA	**58 841**	**70 744**
[1] See note 2.4.2.3.1.		
Operating profit (loss)	**13 848**	**24 417**
Restructuring charges	2 034	6 654
Other	5 198	3 375
Impairments	2 439	395
Adjusted Operating profit (loss)	**23 519**	**34 841**

Group Recticel	31 DEC 2020	31 DEC 2019 as published
Total net financial debt		
Non-current financial liabilities	70 426	100 334
Current financial liabilities	14 403	117 415
Cash	(79 255)	(48 479)
Other financial assets [1]	(189)	(712)
Net financial debt on statement of financial position	**5 385**	**168 558**
Factoring programs	(810)	47 051
Total net financial debt	**4 574**	**215 609**
[1] Hedging instruments and interest advances		
Gearing ratio (Net financial debt / Total equity)		
Total equity	334 780	275 397
Net financial debt on statement of financial position / Total equity	1.6%	61.2%
Total net financial debt / Total equity	1.4%	78.3%

in thousand EUR

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

2.4.3. Recticel nv/sa - General information

Recticel nv/sa

Address: Bourgetlaan 42 Avenue du Bourget
B-1130 Brussels

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

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

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

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

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

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

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

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

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

Nature of the shares not fully paid up: none.

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

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

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

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

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

Address: Bourgetlaan 42 Avenue du Bourget
B-1130 Brussels

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

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

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

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

2.4.4. Recticel nv/sa - Condensed statutory accounts

in thousand EUR

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

in thousand EUR

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

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

Profit appropriation policy

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

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

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

in EUR

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

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

2.4.5. Risk factors and risk management

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

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

RISK FACTORS

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

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

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

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

2. Price volatility of major chemicals

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Evaluation of projects and investments

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

7. Failure to obtain the needed chemical raw materials

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

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

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

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

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

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

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

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

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

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

9. The risk that the importance of certain 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 94% of its consolidated turnover, inflation or deflation or fluctuations in interest and foreign currency exchange rates) could affect the Group's financial results and prospects.

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

13. Product liability

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

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

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

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

RISK MONITORING

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

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

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

2.4.6. Declaration by responsible officers

Mr Johnny Thijs (Chairman of the Board of Directors), Mr Olivier Chapelle (Chief Executive Officer) and Mr Jean-Pierre Mellen (Chief Financial Officer), declare that:

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

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

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

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

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

Report on the consolidated financial statements

Unqualified opinion

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

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

Basis for the unqualified opinion

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

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

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

Key audit matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other legal and regulatory requirements

Responsibilities of the board of directors

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

Responsibilities of the statutory auditor

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

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

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

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

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

Recticel NV | 31 December 2020

Statements regarding independence

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

Other statements

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

Signed at Gent.

The statutory auditor

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

Deloitte.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Registered Office: Gateway building, Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE86 5523 2431 0050 - BIC GKCCBEBB

Member of Deloitte Touche Tohmatsu Limited

3. Glossary

GENERAL CONCEPTS

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

FINANCIAL CONCEPTS

• IFRS measures

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

• Alternative Performance Measures

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

Adjusted EBITDA	EBITDA before Adjustments (to Operating profit (loss))
Adjusted Operating profit (loss)	Operating profit (loss) before Adjustments to operating profit (loss)
Adjustments to Operating profit (loss)	include operating revenues, expenses and provisions that pertain to restructuring programs (redundancy payments, closure & clean-up costs, relocation costs,...), reorganisation charges and onerous contracts, impairments on assets ((in)tangible assets and goodwill), revaluation gains or losses on investment property, gains or losses on divestments of non-operational investment property, and on the liquidation of investments in affiliated companies, revenues or charges due to important (inter)national legal issues and costs of advisory fees incurred in relation to acquisitions or business combinations.
Current ratio	Current assets / Current liabilities
EBITDA	Operating profit (loss) + depreciation, amortisation and impairment on assets; all of continuing activities.
Gearing	Net financial debt / Total equity
Income from associates	income from associates considered as being part of the Group's core business are integrated in Operating profit (loss); i.e. Orsafoam
Income from other associates	income from associates not considered as being part of the Group's core business are not integrated in Operating profit (loss); i.e. Proseat and Automotive Interiors
Leverage	Net financial debt / EBITDA (last 12 months)
Net free cash-flow	Net free cash flow: is the sum of the (i) Net cash flow after tax from operating activities, (ii) the Net cash flow from investing activities and (iii) the Interest paid on financial liabilities and (iv) reimbursement of lease liabilities; as shown in the consolidated cash flow statement
Net financial debt	Interest-bearing financial liabilities and lease liabilities at more than one year + interest-bearing financial liabilities and lease liabilities within maximum one year + accrued interests – cash and cash equivalents + Net marked-to-market value position of hedging derivative instruments. The interest-bearing borrowings do not include the drawn amounts under non-recourse factoring/forfeiting programs
Net working capital	Inventories and contracts in progress + Trade receivables + Contract assets + Other receivables + Income tax receivables – Trade payables – Contract liabilities – Income tax payables – Other amounts payable
Operating profit (loss)	Profit before income from other associates, fair value adjustments of option structures, earnings of discontinued activities, interests and taxes. Operating profit (loss) comprises income from associates of continuing activities.
Total net financial debt	Net financial debt + the drawn amounts under off-balance sheet non-recourse factoring/forfeiting programs

4. Key figures 2012-2020

in thousand EUR

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

in thousand EUR

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

in thousand EUR

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

in million EUR

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

in million EUR

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

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

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

in million EUR

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

in million EUR

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

in million EUR

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

in million EUR

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

in EUR

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

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

in EUR

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

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

Colophon

Recticel nv/sa

Address:

Bourgetlaan 42 Avenue du Bourget
B-1130 Brussels

Communications & Investor Relations Officer

Michel De Smedt
T. + 32 (0)2 775 18 09
F. + 32 (0)2 775 19 91
desmedt.michel@recticel.com

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

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

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

General Coordination: Michel De Smedt

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