RECTICELGROUP

Making insulation smart and sustainable

2023 Annual Report

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The European Single Electronic Format (ESEF) is the official version of this 2023 Annual Report, as stipulated in Art. 4 of the Transparency Directive 2004/109/EG. Download the machine-readable iXBRL version of our 2023 Annual Report on *https://www.recticel.com/investors/annual-half-year-reports.html*

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Recticel Group: the home of smart, sustainable insulation

Recticel Group is a Belgian insulation company with a strong presence in Europe and the US. Our ambition is to accelerate the fight against climate change with smart insulation solutions that advance a carbon-free economy and a better quality of life.

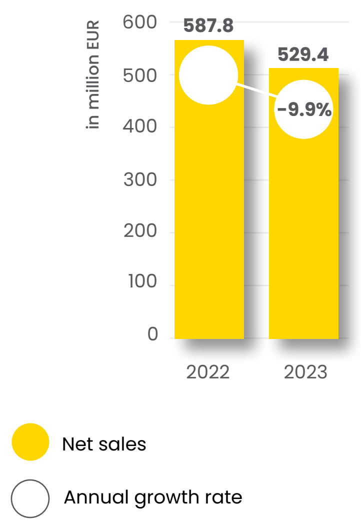
Recticel Group offers a comprehensive portfolio of thermal and thermo-acoustic solutions through different divisions, which are all centres of excellence in their own specialities.

The Insulated Panels division provides PIR and mineral wool based solutions that enable the highest aesthetic standards, unleash architectural potential and make pre-fabrication easier and more cost-efficient. The Insulation Boards division includes energy-saving thermal and thermo-acoustic PIR boards, as well as ultra-efficient vacuum insulated panels suitable for buildings and to support cold chain activities in industries ranging from food to pharma. Dedicated to equipment manufacturers, the Acoustic Solutions division is a source of quality, tailored solutions for superior noise control.

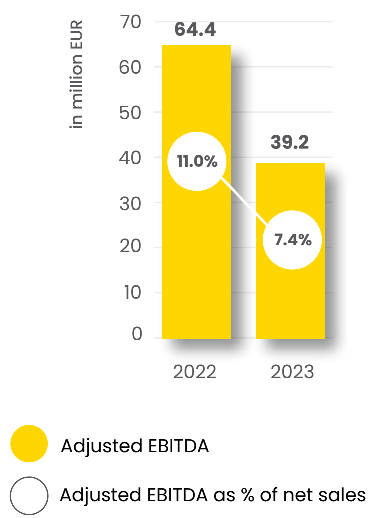
Our construction solutions focus on light building materials, modular solutions and smarter building skins. To guarantee maximum performance – from our people and our solutions – we foster a diverse, stimulating and caring workplace. Our experts are proud to provide customer services and support that are second to none. We build valuable partnerships and collaborations with other companies, global organisations, customers and talents to take concrete action with tangible results.

Financial indicators[1]

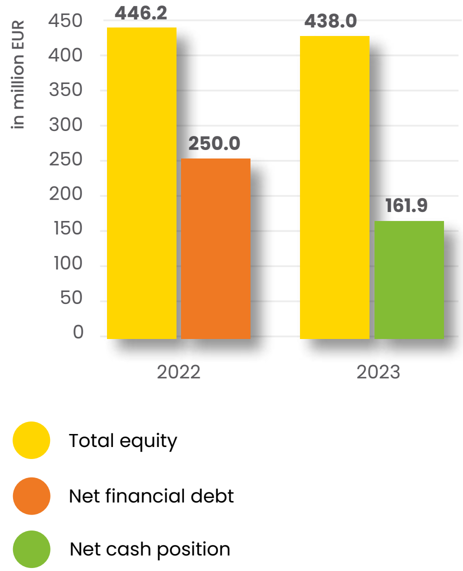
Net sales



Adjusted EBITDA



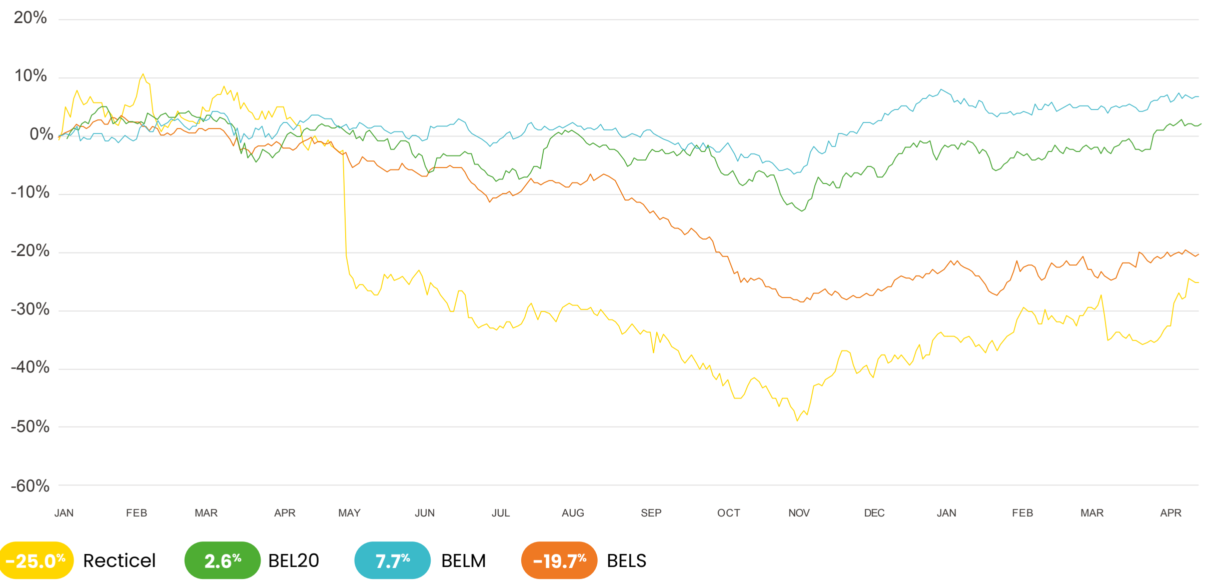
Total equity versus net financial debt/net cash



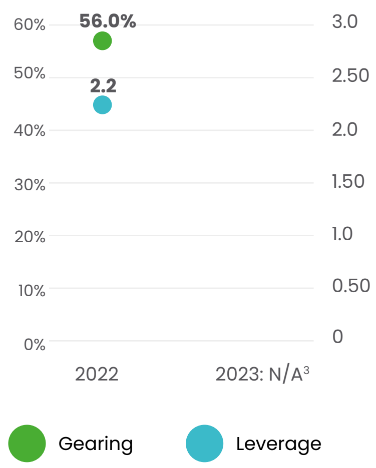
(Euronext™: RECT.BE – Reuters: RECT.BR – Bloomberg: RECT.BB) is listed on the Euronext ™ stock exchange in Brussels and is part of the BEL Mid® index.
Index weighting: 1.0% - situation 16 April 2024

[1] As announced in the press release of 14 June 2023, The Soundcoat Company Inc. (referred to as Soundcoat in this 2023 Annual Report) was not part of the divestment to Carpenter Co. and was transferred from Discontinued Operations to Continuing Operations as of 1 January 2022. The formerly published 2022 income statements, financial position and cash-flow statements have been restated. Trimo d.o.o. (Insulated Panels) is fully consolidated as of 1 May 2022.

Recticel share price evolution versus BEL 20, BEL Mid, BEL Small (period 01.01.2023-12.04.2024)



Gearing and leverage ratio[2]

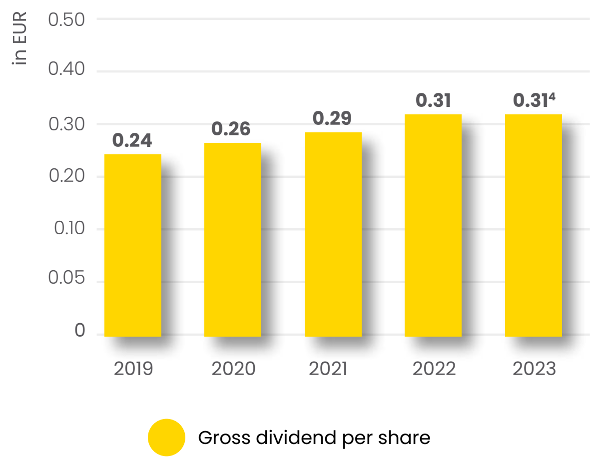


[3] *Not applicable as net cash position in 2023*

[2] Incl. IFRS 16 – gearing: net financial debt / total equity; leverage: net financial debt / EBITDA

The pro forma leverage ratio = Net financial debt (after application of IFRS 5) divided by the sum of (a) EBITDA (last 12 months) (before application of IFRS 5) and (b) EBITDA (last 12 months) of the acquired company Trimo d.o.o. This pro forma leverage ratio is a better comparable.

Gross dividend per share (5 years)



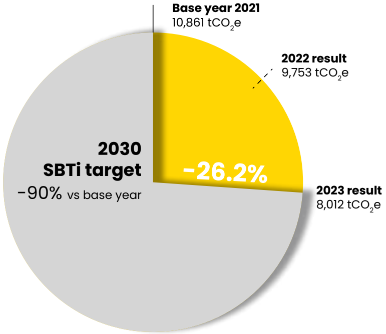
[4] *Subject to approval of the profit appropriation by the General Meeting of 28 May 2024, a dividend of EUR 0.31 gross will be paid per ordinary share, or EUR 0.217 net (-30% withholding tax). This dividend will be payable from 3 June 2024. KBC Bank acts as paying agent. Payments for the registered shares will take place via bank transfer to the shareholders' bank accounts.*

For more information, see Chapter 7.2.6.10.

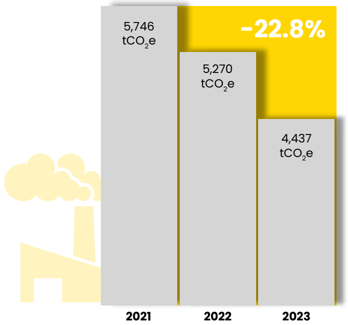
Sustainability indicators

2023 CLIMATE ACTION PLAN[5]

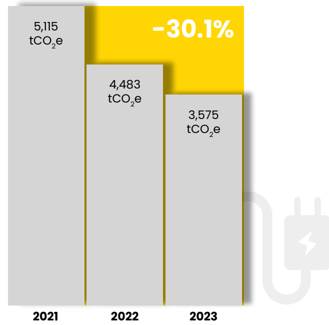
scope 1+2 GHG emissions



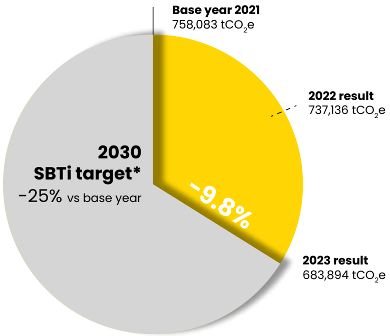
scope 1 GHG emissions



scope 2 GHG emissions (market based)

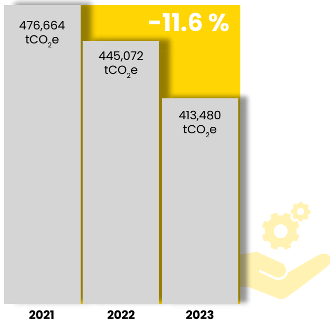


scope 3 GHG emissions[6]

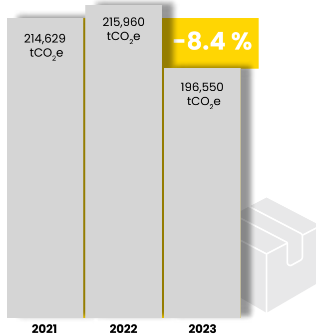


[6] *incl. Cat. 3.15, Investments*

3.1 purchased goods & services

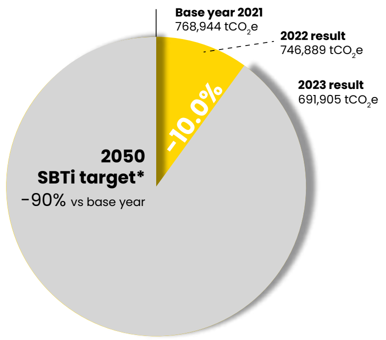


3.12 end-of-life treatment of sold products



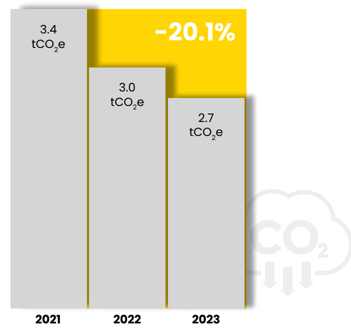
[5] *Recticel's scope 1, scope 2 and scope 3 carbon footprints are subject to limited assurance by PwC. See Chapter 8.1 for their assurance report. Due to a major methodology change resulting from obtaining more granular data from key suppliers, we restated the previous years, including the SBTi base year. This restatement is also due to the inclusion of Soundcoat in our scope 1, 2 & 3 calculations.*

scope 1+2+3 GHG emissions[7]

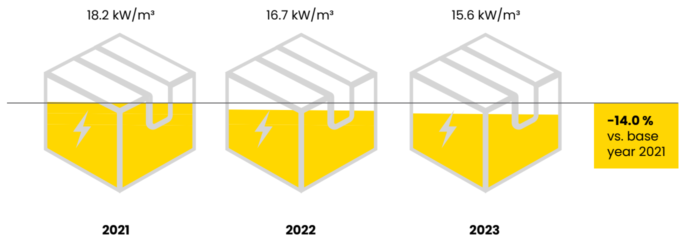


[7] incl. Cat. 3.15, Investments

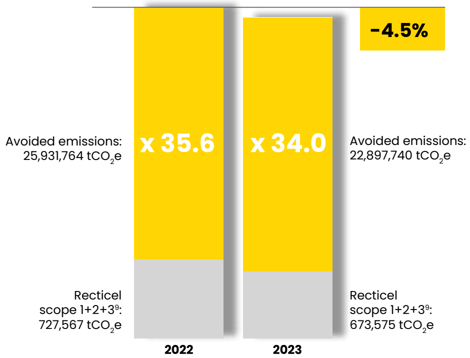
carbon intensity per sales volume scope 1+2



energy intensity per sales volume



avoided emissions[8]



[8] estimated from all our building insulation products over their lifetime
[9] excl. Cat. 3.15, Investments

Overall Net-Zero target
Recticel commits to reach net-zero greenhouse gas emissions across the value chain by 2050 from a 2021 base year.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Near-Term targets
Recticel commits to reduce absolute scope 1+2 GHG emissions 90% by 2030 from a 2021 base year.
Recticel also commits to reduce absolute scope 3 GHG emissions 25% within the same timeframe.

Long-Term targets
Recticel commits to maintain at least 90% absolute scope 1+2 GHG emissions reductions from 2030 through 2050 from a 2021 base year.
Recticel also commits to reduce absolute scope 3 GHG emissions 90% by 2050 from a 2021 base year.

Date of approval: 14 February 2024

Recticel chose operational control as the consolidation approach and all divisions have been accounted for in the inventory boundary. All targets have been assessed against the absolute contraction approach. The proposed reduction in scope 1+2 is aligned with a rate of decarbonisation consistent with the goal of keeping global temperature increase to 1.5°C compared to pre-industrial temperatures.

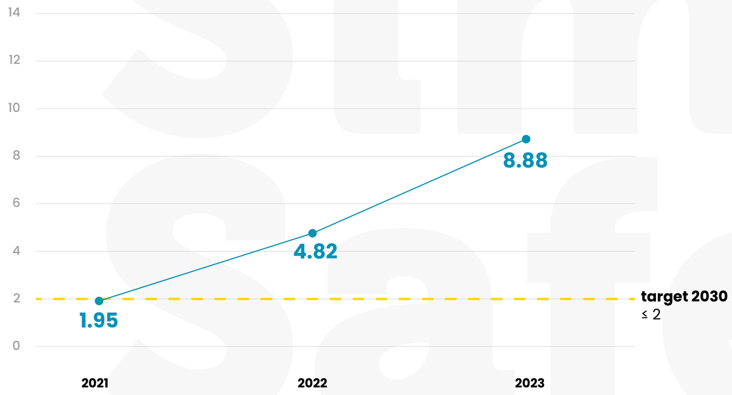
BUSINESS AMBITION FOR 1.5°C

PEOPLE & SOLUTIONS PLAN

Safety[10]

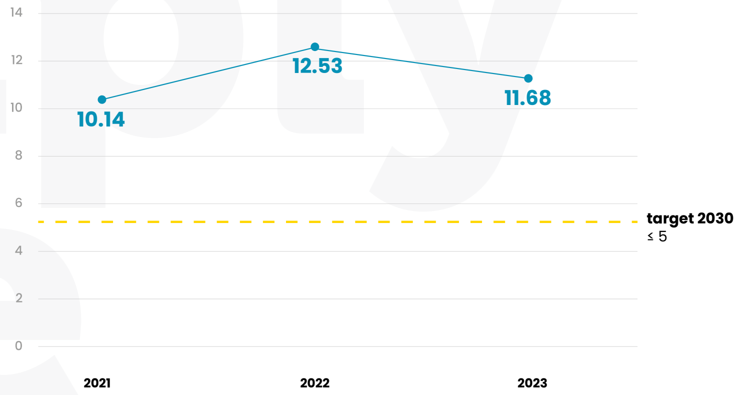
Frequency 1

Number of Lost Time Accidents x 1,000,000 / number of hours performed



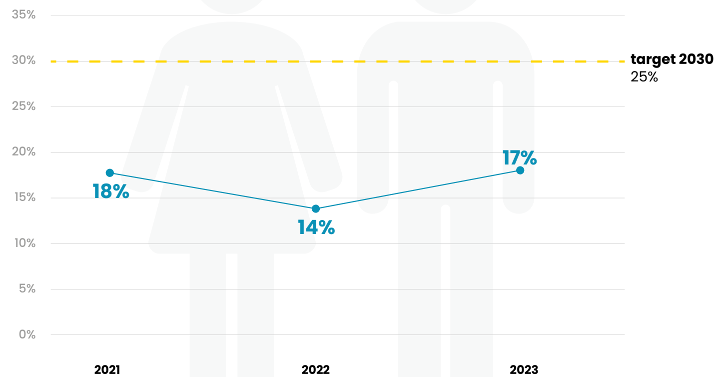
Frequency 2

Number of [Lost Time Accidents + Restricted Work Cases + Medical Treatment Cases] x 1,000,000 / number of hours performed



Gender diversity[10]

% women in senior management positions[11]



scope 2021: Recticel Insulation, Recticel Bedding, Recticel Engineered Foams
scope 2022: Recticel Insulation
scope 2023: Recticel Group

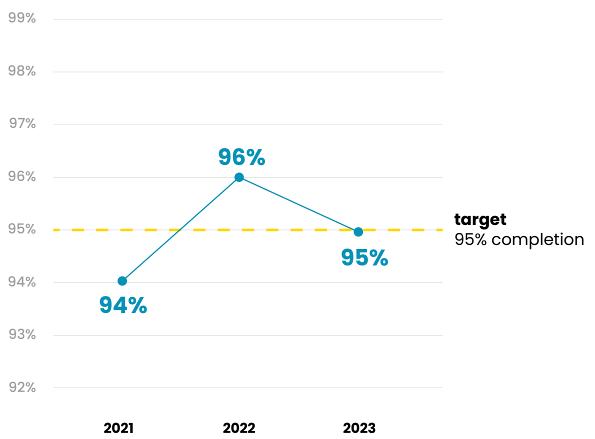
In 2021, 2022, HQ and Shared Services were included in the reporting results of Recticel Insulation.
Recticel Group: Recticel Insulation, Trimo, Soundcoat, Turvac (74% joint venture), HQ, Shared Services

[10] 2023 limited assurance by PwC, see Chapter 8.1.
[11] Recticel Hay grade 18 and above

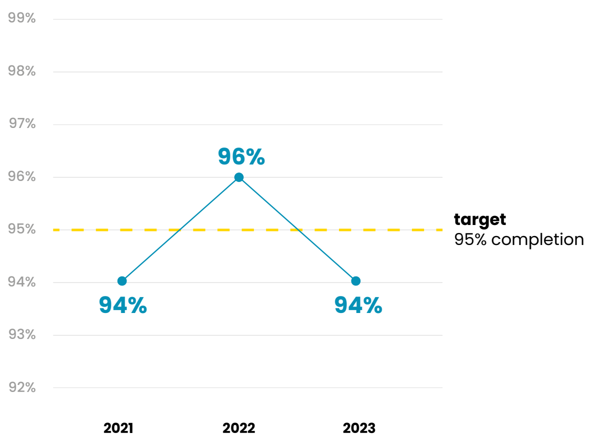
E-learning participation

Governance programme

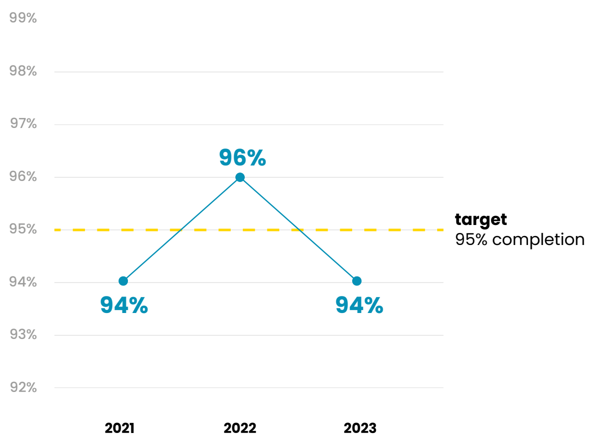
Data protection



Ethics policy

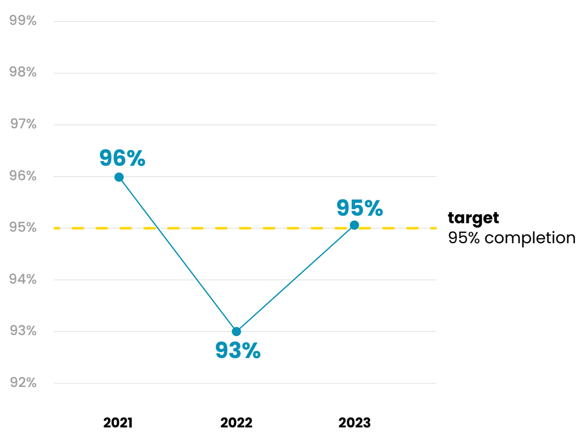


Basics of contract law



Cybersecurity

DIGIWIZZ



scope 2021:	White-collar employees, Recticel Insulation, Recticel Bedding, Recticel Engineered Foams
scope 2022:	White-collar employees, Recticel Insulation
scope 2023:	White-collar employees, Recticel Group, excl. Trimo and Turvac (74% joint venture)

In 2021, 2022, HQ and Shared Services were included in the reporting results of Recticel Insulation.
Recticel Group: Recticel Insulation, Trimo, Soundcoat, Turvac (74% joint venture), HQ, Shared Services

Highlights of 2023 and early 2024

04

APRIL 2023

First Captains of Industry event held at Autoworld Museum in Brussels
Recticel Insulation organises a highly attended information event with Belgium's construction industry leaders to talk about sustainability, circularity and approaches to energy performance in non-residential buildings.

05

MAY 2023

2023 Insulation Barometer launched
With its annual Insulation Barometer, Recticel Insulation has established a tradition and positioned itself as an opinion leader in the insulation market. The 2023 white paper focuses on non-residential buildings and examines the influence of thermal insulation and energy-efficient techniques on the new EPC NR (Energy Performance Certificate for non-residential units).

06

JUNE 2023

Recticel becomes a dedicated insulation specialist
Recticel starts its new journey as a pure insulation player, having completed the divestment of its Engineered Foams activities to US-based Carpenter Co.

07

JULY 2023

Recticel Insulation launches IMPACT, a new range of bio-circular insulation solutions
Recticel introduces a new range of polyurethane insulation boards containing 25% bio-circular raw materials, calculated in accordance with the mass balance principle. The products reduce CO_2 emissions by an average of 43% compared to standard boards while offering equivalent technical insulation performance[12]

[12] Internal LCA calculation according to EN15804+A2 standard, for modules A1 - A3 (cradle to gate), based on the mass balance method.

09

SEPTEMBER 2023

Jan Vergote appointed new CEO of Recticel Group

11

NOVEMBER 2023

Trimo receives the Best Development and Engineering Team of the Year award in Slovenia
Every year, the Časnik Finance newspaper recognises the technological progress of manufacturing companies in Slovenia with the Factory of the Year award. The associated Engineering and Development Team of the Year award recognises the achievements of a team that is outstanding in the production field.

01

JANUARY 2024

Acquisition of REX Panels & Profiles completed
Founded in Belgium, REX Panels & Profiles specialises in the production of PIR and mineral wool insulated panels for the construction industry and is based in an ideal location to serve Western European markets. The acquisition will reinforce Trimo's premium strategy whilst doubling current production capacity.

02

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

FEBRUARY 2024

SBTi targets approved
The Science Based Targets initiative (SBTi) approves our greenhouse gas emission reduction targets for 2030 (near-term) and our long-term and net-zero targets for 2050. The SBTi is a global project driving concrete action by enabling organisations to set emission reduction targets that are grounded in climate science.

BUSINESS AMBITION FOR 1.5°C

03

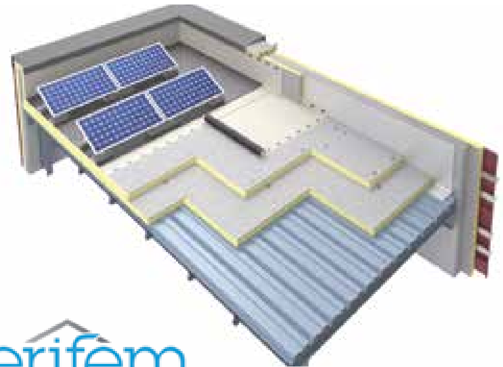
Notch
DESIGN BY pininfarina

TRIMO QBISS

MARCH 2024

Trimo's collaboration with Pininfarina leads to stunning special edition of QBISS insulated panels
Developed by Pininfarina for Trimo's QBISS range, the Notch Wall System is a pioneering design that customises QBISS architectural wall systems with three fundamental elements: versatile vertical panel modules, a unique graphic alphabet of curves and glyphs, and a "wing" modular plugin for decoration and illumination. It embodies the design priorities of purity, elegance and innovation.

Recticel Insulation and Sika France win Perifem Innovation Award (energy category) for Light Roof insulation system
Powerdeck®+, an insulation board with an integrated sealing membrane by Sika France, is a lightweight, high-performance, compression-resistant insulation board for flat steel roofs. It is the ideal insulating support for photovoltaic panels and green terraces. In France, for non-residential renovation or building projects, a minimum of 30% of the roof area must have solar panels.



Perifem Awards

About this report

This Recticel Group 2023 Annual Report consolidating our financial and non-financial information has been structured considering the European Sustainability Reporting Standards (ESRS) for Europe's Corporate Sustainability Reporting Directive (CSRD), which will replace the Non-Financial Reporting Directive (NFRD) from 1 January 2025. The new CSRD regulation will radically increase the transparency of corporate progress in the area of sustainability. Its overall aim is to harness potential and position Europe as a forerunner in the transition to a fully sustainable and inclusive economic and financial system in accordance with the European Green Deal and the UN Sustainable Development Goals.

This report is available online. For greater insight into Recticel Group, visit our corporate website **www.recticel.com**

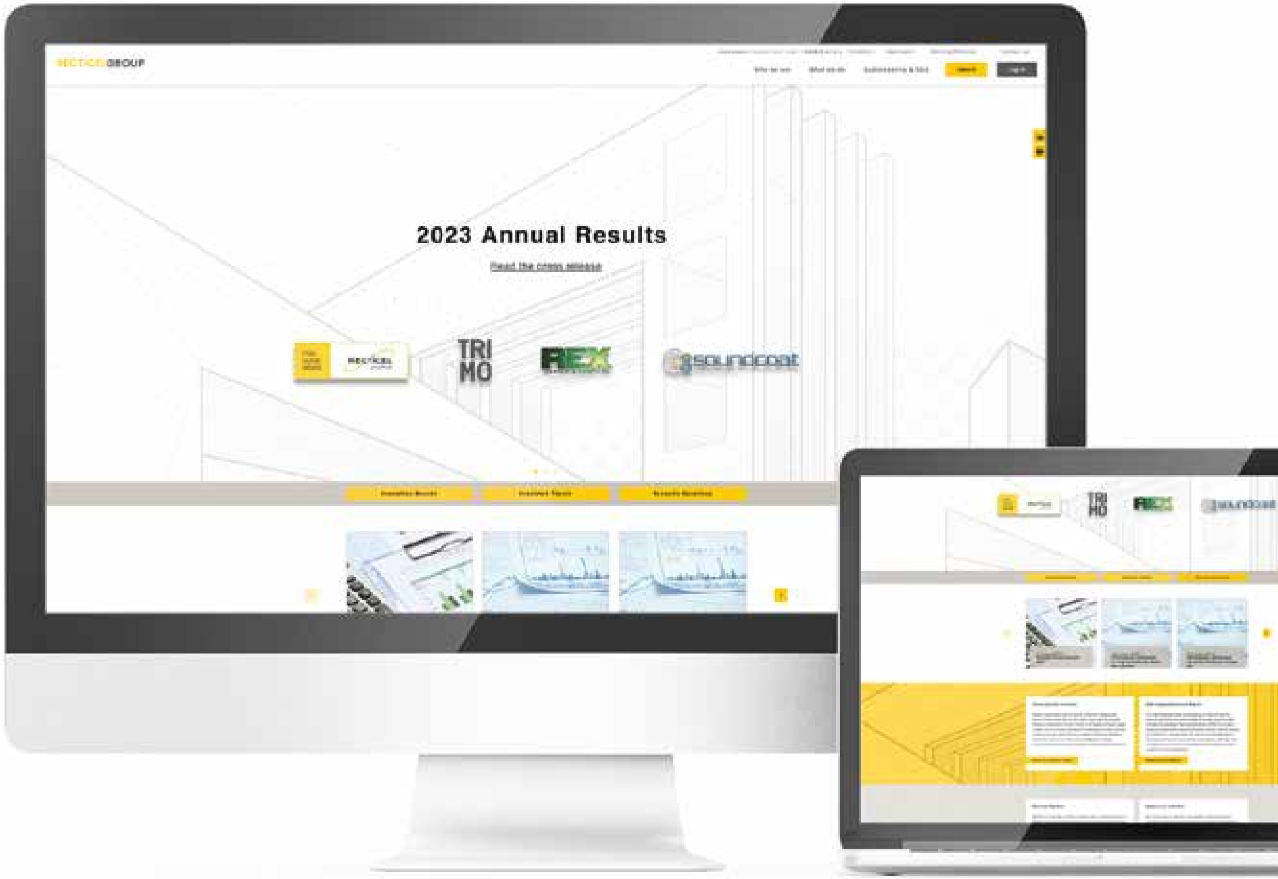


Table of contents

1 RECTICEL GROUP forward-thinking insulation specialists

1.1 Who we are

Powerdeck Plus, Guézennec, France

Recticel is a dedicated group of insulation companies with headquarters in Belgium and operations in fourteen facilities spread over seven countries. The companies that make up our house of brands have different specialisations but a common objective: to make insulation solutions smarter and more sustainable for the benefit of customers, stakeholders and society at large.

In 2021, Recticel announced its intention to focus all its attention and expertise on its insulation business, leveraging 70 years of experience and a well-established reputation in Europe's insulation industry to make an important contribution to society. In a world driven by the urgent need to transition to new energy sources and safeguard the planet for future generations, the right insulation solutions for every application will help to create better, more sustainable lifestyles and living standards for everyone.

At the end of December 2023, we announced the acquisition of REX Panels & Profiles, a trusted supplier of insulated panels for roof and wall application founded in Belgium in 2012. With four production lines of PIR and mineral wool insulated panels, it offers an excellent complement to our Trimo subsidiary (acquired in 2022), which specialises in higher end architectural and modular space solutions. The acquisition of REX will enable us to geographically expand our panels portfolio, address new market sectors and be a more agile provider of energy-efficient insulation solutions.

Recticel at a glance

Belgian
insulation company

With a strong presence in Europe and USA

7
Countries

3
Divisions

Insulation Boards
Insulated Panels
Acoustic Solutions

1,255
Employees
on 31.12.2023

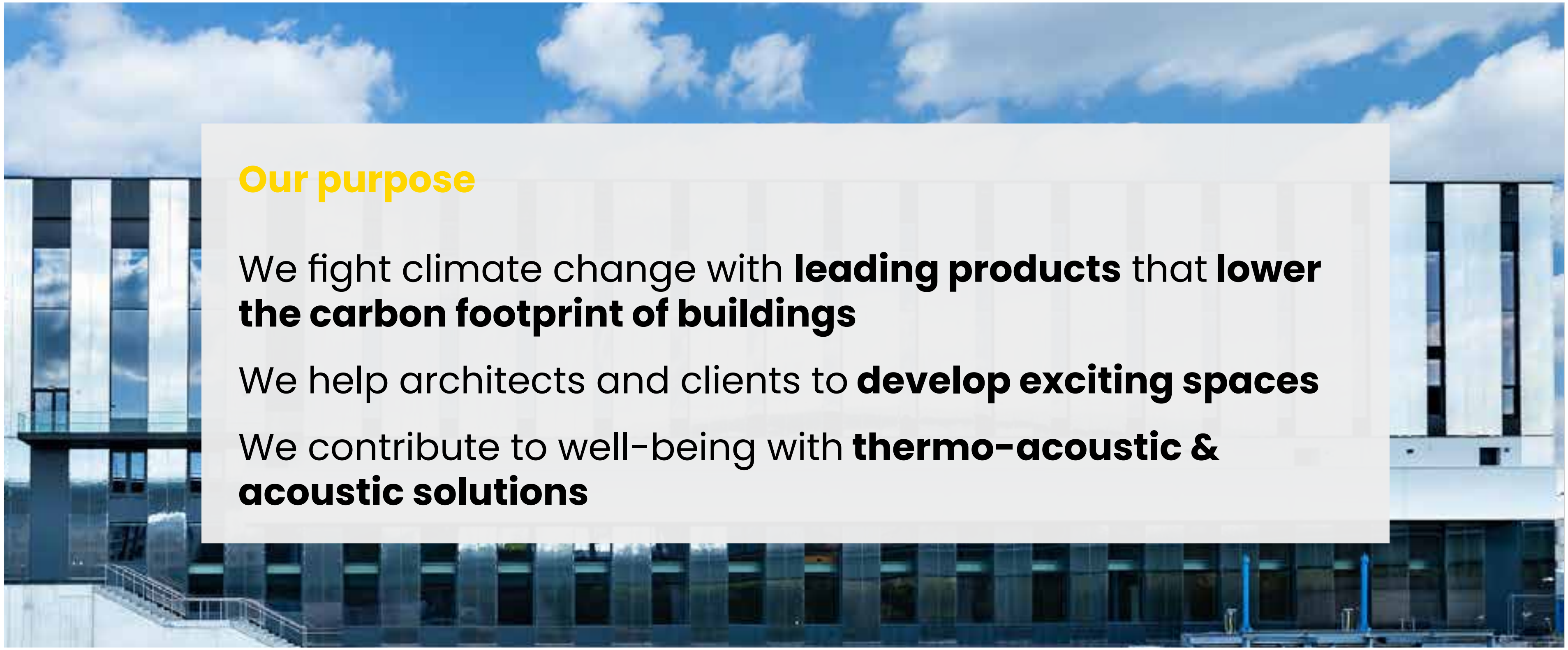
529.4
Sales in million €
on 31.12.2023

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C OUR ONLY FUTURE

1.2 What we mean by 'smart, sustainable' insulation

As a company, Recticel has always acted with agility and responsibility towards stakeholders. As a dedicated insulation group, we have opened the door to enhanced value creation by focusing on a market characterised by solid long-term fundamentals and strong potential for our shareholders. We are working smarter for the benefit of communities and the planet by further refining our ESG targets and intensifying our efforts to reach them. For investors, we are applying our acumen and experience in a market with limited cyclicality and better visibility. At the same time, we are making insulation a smarter investment choice by offering high-quality solutions that are tailored for every need.



Our purpose

We fight climate change with **leading products** that **lower the carbon footprint of buildings**

We help architects and clients to **develop exciting spaces**

We contribute to well-being with **thermo-acoustic & acoustic solutions**

Since our company began its sustainability journey in 2013, we have relentlessly pushed our own boundaries, setting ever more ambitious objectives and KPIs.
We were early advocates for effective thermal and acoustic insulation as a key weapon in the fight against climate change. Today we are even more committed to maximising the potential of insulation to conserve energy, improve indoor climate management, raise living standards and reduce emissions.

The Recticel ESG strategy is based on two pillars: **Our Race to Net Zero** and **Our Race to Maximum Positive Performance.**[1]

Our Race to Net Zero is the blueprint for our mission to mitigate global warming today and over the long term. With a firm basis in clearly defined materiality topics and KPIs, it sustains our competitiveness while accelerating our progress towards maximum positive climate impact and greater circular efficiencies.

In February 2024, The Science Based Targets initiative (SBTi) approved our greenhouse gas emission reduction targets for 2030 (near-term) and our long-term and net-zero targets for 2050. This global project is driving concrete action by enabling organisations to set emission reduction targets that are grounded in climate science.

Our Race to Maximum Positive Performance is our masterplan to maximise the contribution of our people and solutions. Based on relevant materiality topics and KPIs, it sets out targets in areas such as safety, training, diversity and employee satisfaction. It also spells out our goals for product certifications, eco-design principles and sustainability practices at work.

[1] Details of these two plans and their role in our value creation model are provided in Chapter 2 of this report.

1.3 Our house of brands

Recticel operates as a House of Brands. Each member of our brand family is encouraged to innovate and grow based on its own areas of technical expertise and its profound knowledge of needs and trends in its specific markets and applications.

The group is structured around three divisions:

Insulation Boards

Thermal insulation

Thermo-acoustic insulation

Vacuum insulation

FEEL GOOD INSIDE RECTICEL insulation

Turvac

Insulated Panels

Modular space solutions

TRIMO

TRIMO MSS

REX PANELS & PROFILES

Acoustic Solutions

soundcoat

Our new logo

The new Recticel Group logo retains the colours of the old Recticel logo to symbolise our heritage and status as a solid, respected brand. However, it is updated with a modern, rounded font that creates a more open effect. This reflects our customer focus and commitment to collaboration and engagement with every stakeholder.

RECTICELGROUP

Jan Vergote
Chief Executive Officer

1.4 Letter from the Chief Executive Officer

Dear Reader,

Whether you are a customer, shareholder, supplier, colleague or another stakeholder, I welcome you to this 2023 Annual Report. Coming at the end of a major transition process for our business, it is an ideal opportunity for me to share with you the renewed purpose and structure of our organisation.

Staying ahead means leading, not following, and this is particularly true in the construction industry. At Recticel, we create value through smart insulation solutions that point the way to the future. Our strategy is based on aligning with the major building trends while fostering innovation and operational excellence in all our product lines. Achieving operational excellence means continually ensuring that our processes are streamlined, efficient and responsive to market demands. This is the key to maintaining our competitiveness and driving sustainable growth.

In our Insulation Boards division, this strategy is applied with a strong focus on better solutions for specific applications, leadership in improving circularity, further geographic expansion and the integration of biobased materials. We recognise the importance for Recticel Insulation of reaching new markets and diversifying its customer base. Through strategic partnerships and distribution channels and a commitment to ongoing market analysis, we remain ready to identify and capitalise on opportunities in emerging regions while strengthening our presence in established markets. By incorporating biobased materials into our insulation boards, we not only reduce our environmental footprint but also cater to the growing demand for eco-friendly construction solutions.

In the Insulated Panels division, our strategy for Trimo specifically targets a premium position in the market, international expansion and the most effective integration and growth of our recent acquisition, REX Panels & Profiles. Positioning our insulated panels as a premium offering enables us to differentiate ourselves and create value. We are identifying growth opportunities in both domestic and international markets in order to extend the reach of this product range and capitalise on emerging trends and construction projects.

The acquisition of REX Panels & Profiles at the beginning of this year represents a strategic investment in this growth trajectory. It brings new capabilities, expertise and products into our portfolio that will enhance our competitive edge, unlock synergies and drive value creation for our customers and shareholders.

In the Acoustic Solutions division, our Soundcoat activity in North America is at a very exciting stage in its development. Our market-leading materials are now used in Space X, Blue Origin and Boeing aerospace launches and we are involved in engineering solutions for passenger drones, supersonic jets, battery powered school buses, medical equipment, logistic centres and many other segments.

"At Recticel, we create value through smart insulation solutions that point the way to the future."

Of course, the concept of value creation itself has undergone a fundamental transformation in recent years. The dynamic between businesses and society has changed as customers, investors, employees and regulators demand transparency, accountability and tangible action on global issues such as climate change, inequality and resource depletion. Reflecting our profound commitment to these challenges, this report proactively embraces the new corporate sustainability reporting directive (CSRD) which will be compulsory from next year.

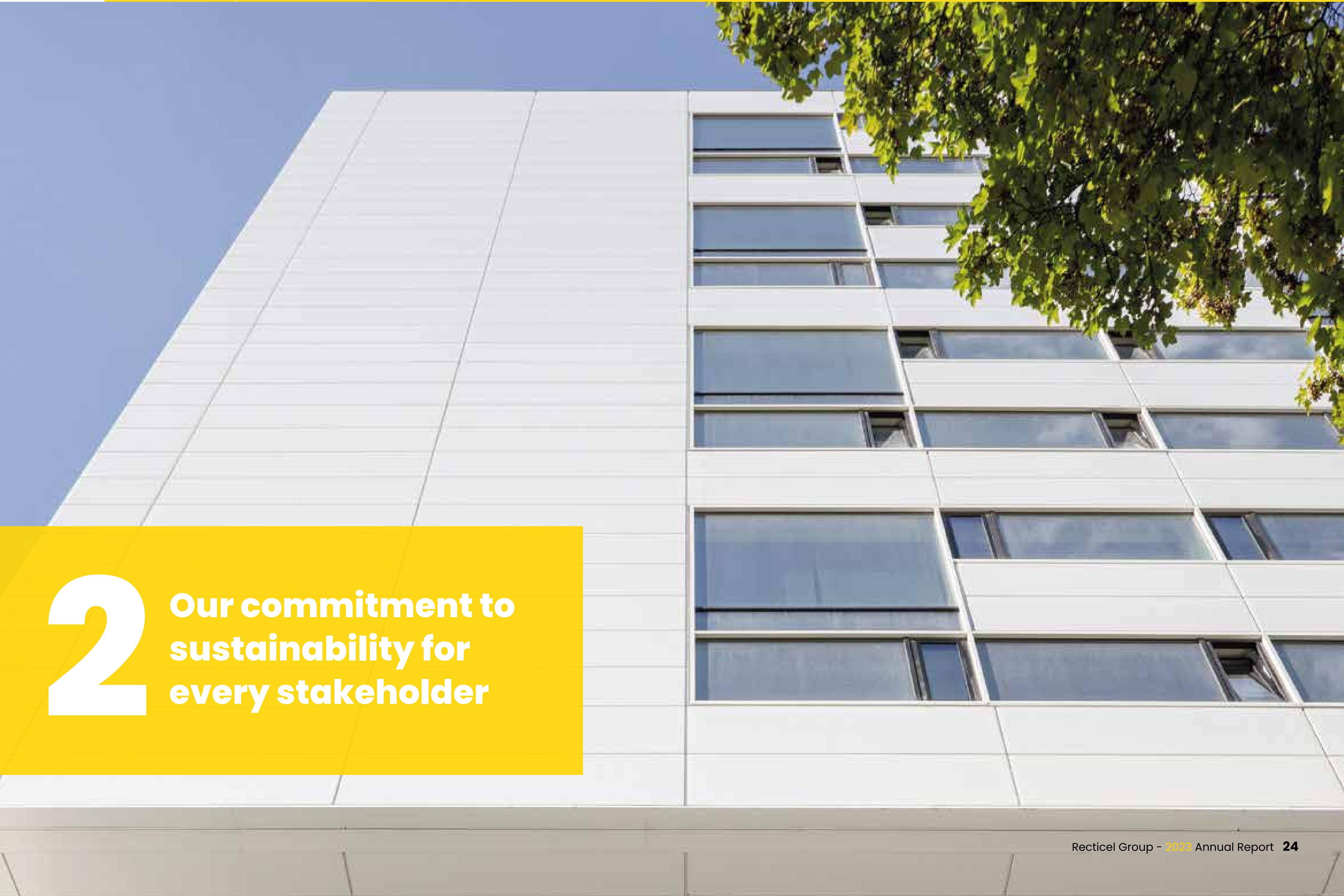
Recticel has always understood the importance of sustainable initiatives to stimulate innovation, bolster brand reputation, attract top talent and tap into new markets. Our strategic roadmap encompasses investments in energy efficiency and the adoption of low-carbon technologies. Collaboration with partners along the value chain is central to our approach, as we strive to collectively stimulate progress. Recticel actively encourages suppliers to align with climate science by embracing science-based and net-zero targets and, true to our principle of leading by example, our own emission reduction targets have been validated by the global Science Based Target initiative (SBTi).

Like all businesses today, we are operating in a complex environment. While the global economy narrowly avoided recession in 2023, geopolitical tensions, an accelerating climate emergency, energy concerns and the race to regulate AI are all contributing to volatility. In these circumstances, it takes agility to thrive.

At Recticel, our priority is to be the smartest rather than the biggest. Our growth must be sustainable, efficient and strategically aligned with our long-term objectives. By optimising our processes, streamlining operations and leveraging technology, we ensure that every aspect of our business operates at peak efficiency.

We nurture innovation, embrace change and continuously seek out new opportunities for growth. Our agility allows us to respond swiftly to market trends, customer needs and competitive pressures, positioning us as a dynamic force in the industry. Rather than spreading ourselves too thin, we concentrate our resources on areas where we can make the greatest impact, ensuring that our efforts yield the highest returns. Our commitment to being the smartest permeates every aspect of our business, internal and external, from product development to customer service.

Business transformation inevitably brings challenges as well as opportunities. I firmly believe in the path we have taken and the prospects it holds in terms of business success, societal contribution and value creation for our shareholders and employees. I extend my sincere thanks to everyone who has played a part in our journey over the last year. Recticel Group remains committed to delivering enhanced value for you in 2024.



2 Our commitment to sustainability for every stakeholder

Transparency on non-financial information, often referred to as corporate social responsibility (CSR) or environmental, social and governance (ESG) reporting, has become increasingly important. In today's interconnected world, stakeholders are more concerned about a company's impact beyond just financial performance. Addressing non-financial issues is crucial for the long-term sustainability of businesses, whilst building trust and credibility.

Recticel Group embraces comprehensive reporting to enable stakeholders to understand its most significant economic, environmental and social impacts and its contributions to sustainable development. Since 1997, the practice of sustainability reporting has been led by GRI (the Global Reporting Initiative). The GRI Standards and the Sustainable Development Goals (SDGs) have provided the frameworks for integrated reporting to comply with the Non-Financial Reporting Directive (NFRD).[1]

On 21 April 2021, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD). This new regulation, which will be rolled out in a phased approach from 2024, radically expands on the reporting requirements of the NFRD to increase the transparency of corporate progress in the area of sustainability. The overall aim of the CSRD is to harness Europe's potential and position the continent as a forerunner in the transition to a fully sustainable and inclusive economic and financial system, in alignment with the European Green Deal and the UN Sustainable Development Goals.

[1] *See GRI content index in Chapter 8.4.*

2.1 Our race to net-zero emissions and maximum positive performance

Recticel Group is driven by societal needs. Smart insulation systems have a very significant role to play in improving the energy performance of buildings and the sustainability of the construction sector as a whole. Knowing that sustainability adds value and drives success for all our stakeholders, we innovate to support healthy, energy-efficient lifestyles, reduce carbon emissions and use resources with the utmost care.

We take responsibility for our impact on the planet and society at large, paying attention to sustainability along our entire value chain, from raw material sourcing to product manufacturing, consumption and end-of-life. This includes our own activities and those within our sphere of influence, upstream as well as downstream.

We also consider the material impact that sustainability issues can have on our financial value and cash flows, and the risks and opportunities related to this material impact. The double materiality assessment which is a CSRD requirement marries these principles of financial and impact materiality. The analysis identifies the aspects that are most relevant for Recticel and for our stakeholders and how they contribute to the priority Sustainable Development Goals (SGDs) we defined.

We are executing our ESG strategy through two routes: Our Race to Net Zero and Our Race to Maximum Positive Performance.

Objectives:
Fight climate change through decarbonisation and resource efficiency

Deliver on our SBTi commitment

Our Race to Net Zero is a focused Climate Action Plan for our fight against global warming. It includes clear targets and KPIs to further reduce our carbon footprint to net zero impact and increase the positive impact of our activities. Our efforts focus on responsible selection of raw materials, sustainable, energy-efficient processes and eco-design. Our ambition is to be a forerunner in the global transition to a circular, low-carbon economy.

Objectives:
Foster a trustful and caring culture; stimulate empowerment and collaboration; embrace Simply Safe; develop talents and skills

Maximise our products' contribution for people, planet and society

Our Race to Maximum Positive Performance is our People and Solutions Plan. It is based on our conviction 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.

As an employer, we strive to guarantee an inspiring, rewarding and safe place to work. We constantly improve the sustainability and energy performance of our solutions to create better living standards for current and future generations.

Recticel considers the impact of its insulation products over the entire life cycle. We support the transition from the linear 'take, make, dispose' economic model to a circular economy by seeking new ways to prevent, reuse and recycle production and end-of-life waste while minimising demand for constrained natural resources. We engage in extended producer responsibility (EPR) schemes developed to collect, recover and recycle our insulation solutions.

The Trimoterm panels provided by our subsidiary Trimo contain between 7% and 56% recycled materials. All products are made to order (MTO) to minimise waste during installation. Besides being up to 90% recyclable, our mineral wool insulated panels are designed to enable easy dismantling and reuse in another building.

In 2023 our subsidiary Recticel Insulation launched the IMPACT range of thermal insulation boards for cavity wall and flat roof insulation, containing 25% bio-circular raw materials and reducing CO_2e emissions by an average of 43% compared to a standard board. The subsidiary's Simfocor® thermo-acoustic products also earned the 'Solar Impulse Efficient Solution' certificate for their high level of recycled polyurethane content, simultaneously joining the Solar Impulse Foundation's list of #1000+ Solutions selected for their contribution to clean economic growth. Our thermo-acoustic panels contain minimum 70% recycled PU foam from end-of-life mattresses.

A critical element in our journey to a more circular economy is the engagement and responsibility of our suppliers to implement sustainable innovations that will enhance the recyclability of our insulation solutions.

2.2 Corporate sustainability reporting: a transparent pathway

To bring sustainability reporting into line with financial reporting, companies will be required to report on how sustainability issues impact their business and on how their operations affect people and the planet. The *Corporate Sustainability Reporting Directive (CSRD)* describes the double materiality process that must be followed to select material topics relevant for stakeholders and includes the requirement for reporting on forward-looking information, including targets and progress.

On 31 July 2023, the European Commission (EC) adopted the first *delegated act* of the European Sustainability Reporting Standards (ESRS). The delegated act includes the 12 finalised ESRS, made up of two cross-cutting standards (which define the general reporting principles and the CSRD fundamental concepts, including double materiality and reporting boundaries) and 10 topical standards. The topical standards include the specific reporting requirements for environmental, social and governance matters.

Cross-cutting standards	Environment	Social	Governance
ESRS 1 General requirements	**ESRS E1** Climate change	**ESRS S1** Own workforce	**ESRS G1** Business conduct
ESRS 2 General disclosures	**ESRS E2** Pollution	**ESRS S2** Workers in the value chain	
	ESRS E3 Water and marine resources	**ESRS S3** Affected communities	
	ESRS E4 Biodiversity and ecosystems	**ESRS S4** Consumers and end-users	
	ESRS E5 Resource use and circular economy		

For financial years starting on or after 1 January 2024, the CSRD will apply to companies currently subject to NFRD, with the first report expected to be produced in 2025. The phased roll-out will eventually extend to all large EU companies, listed SMEs and non-EU companies with a significant EU branch. As a result, almost 50,000 companies will be required to collect and share sustainability information compared to about 11,700 now.

ESG REGULATIONS

EU Taxonomy regulation
A classification framework establishing definitions and rules determining which economic activities qualify as sustainable.

EU Corporate Sustainability Reporting Directive (CSRD)
A directive designed to place sustainability and financial reporting on the same level, to ensure better transparency, consistency and reliability for stakeholders.

EU Sustainable Finance Disclosure Regulation (SFDR)
Disclosure requirements on organisational, service and product levels, mainly applying to European financial institutions.

Corporate Sustainability Due Diligence Directive (CSDDD or CS3D)
Directive on obligations for companies to carry out due diligence to identify and address human rights and environmental adverse impacts, and to produce climate plans.

Directive on improving the gender equality on corporate boards
By July 2026, at least 40% of non-executive positions should be filled by the under-represented gender. For executive directors, the target is 33%.

EUROPEAN CLIMATE LAW

This law enshrines the goal of reaching climate neutrality into legislation, with a legally binding target of net zero greenhouse gas emissions by 2050.

THE EU GREEN DEAL

Strategy to transition the EU economy to a sustainable economic model. The ultimate objective is the EU reaching climate neutrality by 2050.

EU REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)
Regulation affecting the supply and use of chemical substances with the aim of improving the protection of human health and the environment.

EU Global Human Rights Sanction Regime (HRSR)
Regime enabling the EU to target individuals, entities and bodies responsible for, involved in or associated with serious human rights violations and abuses worldwide, no matter where they occurred.

EU Waste Framework Directive (WFD)
Regulation on basic waste management principles (including waste prevention, collection, reuse and recycling, and treatment) to protect the environment and human health..

General Product Safety Directive (GPSD)
Under this directive, a product is defined as safe if it meets all statutory safety requirements under EU or national law.

Source: https://www.pwc.be/en/challenges/esg/regulatory-landscape.html?gclid=EAIaIQobChMI0pnYqtfx_QIVaQIGAB1IQPXEAAYAyAAEgJOCPD_BwE

2.3 Stakeholder dialogue

Recticel Group is committed to clear and constant communication with our key stakeholders, namely shareholders and investors, customers, employees and suppliers. We maximise opportunities for fruitful dialogue, including interaction with authorities and knowledge institutes, to enhance stakeholder confidence, build trust and strengthen Recticel's reputation as a responsible corporate citizen.

Through our SBTi commitments and our engagement with rating companies to disclose information on the ESG aspects of our business, we signal to investors, customers, employees and regulators that Recticel is serious about addressing climate change in a credible and transparent manner.

We engage with key stakeholders throughout the policy development process, seeking input, feedback, and buy-in, to ensure that our policies are relevant, feasible, and supported across the organisation.

Key stakeholders	Commitments	How we engage
Shareholders and investors	• Timely disclosure of information such as operating results, management policies, plans and events • Building trust-based relationships • Shareholder returns	• Corporate website, especially Investor Relations section • Annual and half-year reports • AGM and EGM with video broadcasting • Disclosing information to rating organisations • Analyst meetings • Roadshows (financial, ESG and sustainability conferences): 6 roadshows, 132 contacts (individual or in group) • Contacts with reference shareholders
Customers	• Providing safe, secure and quality products • Building trust-based relationships • Improving customer satisfaction through products, service and support • Fair and equitable transactions	• Product brochures • Quality Assurance Certificates • Activity websites • Interactions • Calculation tools (insulation)
Employees	• Providing a safe and rewarding workplace • Enhancing systems and education to maximise their capabilities • Open communication with employees and their representatives	• Digital Workplace • CEO Team Time • Team meetings • Employee Performance Management Discussion (EPMD) • Sustainability Day (incl. Safety) • Training programmes • Social dialogue (local and European Works Council)
Suppliers	• Optimising carbon footprint • Resource efficiency and circular economy • Optimising upstream transport and distribution • Supply chain human rights due diligence • Partnership for innovation	• Day-to-day contact • Visits, meetings, audits, fairs • Development projects

2.4 ESG ratings and transparency

Our ambition is to be a leader in our industry for climate change action and an equitable society. For many years, Recticel has been committed to strong performance on both financial and non-financial criteria. Transparency on objectives and performance is key to earning and retaining the trust and support of shareholders, who are increasingly interested in companies with solid ESG commitments and scores.

We pursue ESG ratings to measure our performance, provide clarity and identify areas where we can improve.

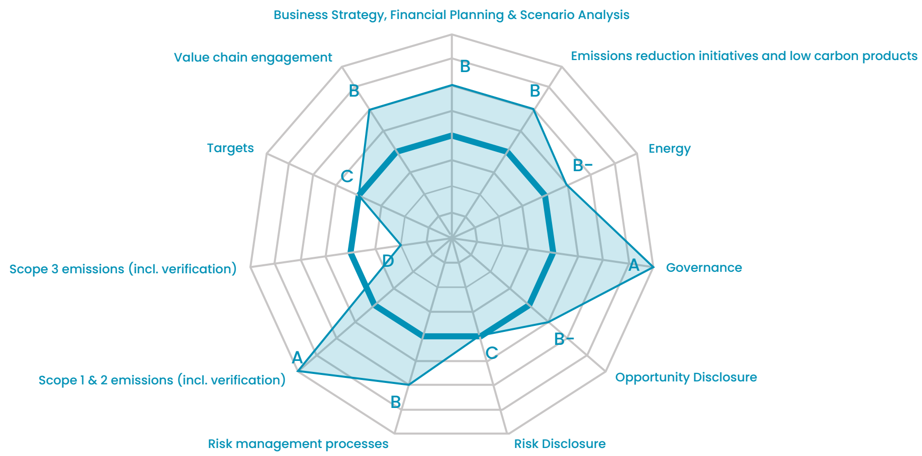
We are rated by **Morningstar Sustainalytics** and **S&P Global** on our exposure to ESG risk and by **EcoVadis** on the integration of sustainability into our business and management system with regard to environment, labour & human rights, ethics and sustainable procurement.

We also voluntarily disclose our climate change data to CDP, which is the gold standard of environmental reporting with the richest and the most comprehensive dataset on corporate action. CDP plays a vital role in promoting environmental transparency, encouraging corporate sustainability and driving action on climate change and other environmental challenges. It assesses responding companies across four consecutive levels:

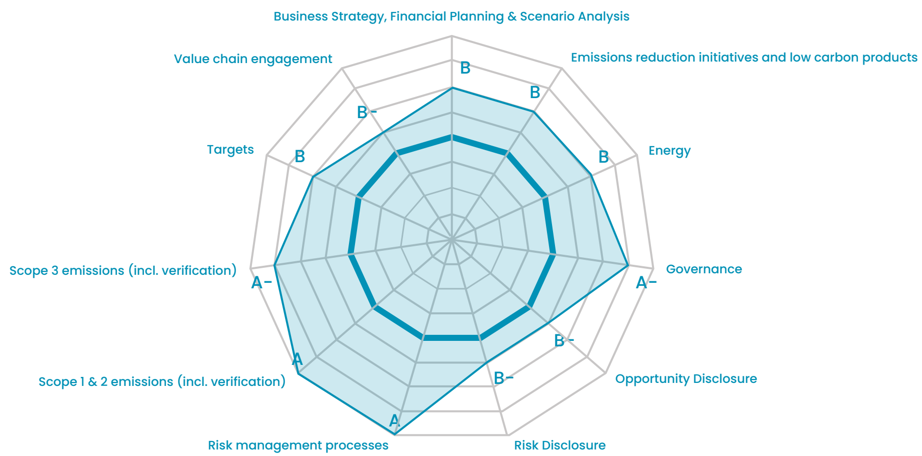
- Disclosure (D-/D): Transparent about climate change
- Awareness (C-/C): Knowledge of impact on, and of, climate issues
- Management (B-/B-): Taking coordinated action on climate issues
- Leadership (A-/A): Implementing current best practices

For 2023, Recticel obtained a B score for Climate Change, the same score as in 2022. However, the underlying parameters show a substantial improvement.

2022 | CDP B score for Climate Change



2023 | CDP B score for Climate Change

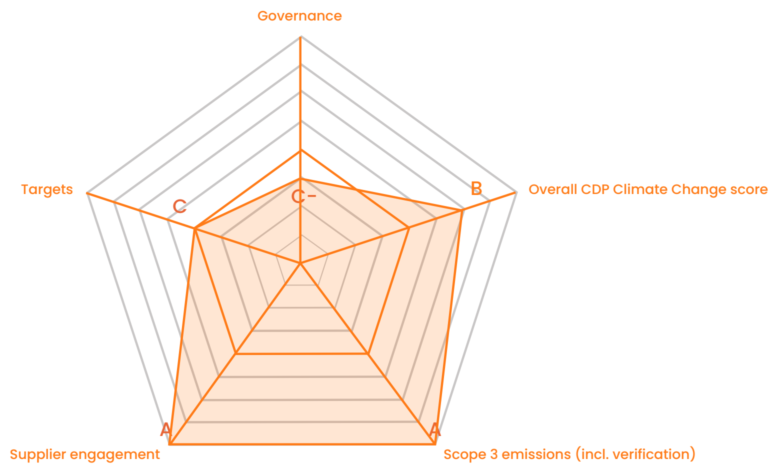


In addition, CDP provides a Supplier Engagement Rate (SER) indicating how effectively companies are engaging with their suppliers on climate change.

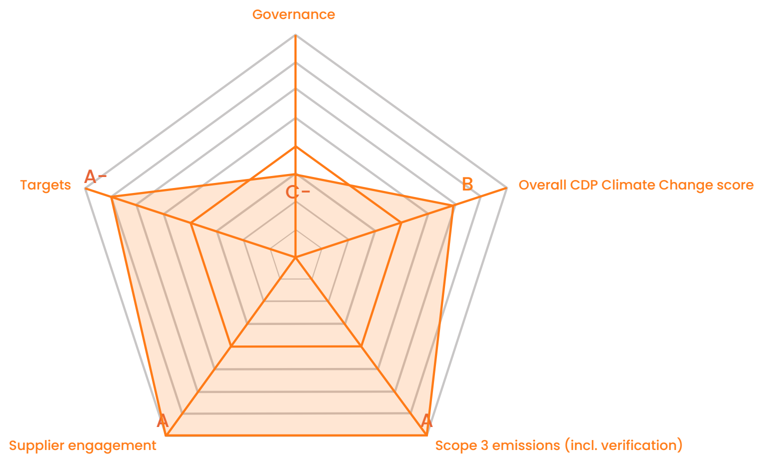
Purchasing organisations have the potential to incentivise significant environmental changes through engagement with their suppliers. However, in 2022, just 38% of organisations responding to the CDP climate change questionnaire reported that they engage with their own suppliers on GHG emissions and climate change strategies. Through the SER grade, CDP aims to increase buyer engagement to accelerate action on emissions in global supply chains.

For 2023, Recticel received an A-, which is in the Leadership band (top 15%), having been upgraded from the B score in 2022.

2022 | CDP B score for Supplier Engagement



2023 | CDP A- score for Supplier Engagement



2.5 Unlocking the power of double materiality

2.5.1 Concept of double materiality and its relevance to sustainable business practices

The Corporate Sustainability Reporting Directive (CSRD) requires Recticel to conduct a double materiality assessment to identify crucial topics affecting its ability to create, sustain or reduce economic, environmental and social value. This involves analysing both the impact Recticel has on the environment and society (impact materiality) and how sustainability issues affect Recticel's financial status and reputation (financial materiality). Both dimensions of materiality are interconnected and relevant to sustainable business practices.

The outcome of a materiality assessment should inform the organisation's sustainability strategy, goals and key performance indicators and form the foundation for effective strategic decision-making.

In the process, the following critical elements are to be considered:

- What specific steps were taken to identify, prioritise and validate key impacts, including how the company considered the perspective of its organisation and key stakeholders?
- How were actual and potential impacts on the environment and people determined and how did the company determine the risks and opportunities that affect, or may affect, its development and performance?

2.5.2 Double materiality assessment at Recticel

Recticel's double materiality assessment is set to conclude by the end of 2024. Consequently, the findings are not reflected in the current report. However, the outcomes of the assessment will shape Recticel's reporting themes, compliant with the European Sustainability Reporting Standards (ESRS), starting from the fiscal year 2024 report.

The methodology for the double materiality assessment is outlined as follows:

1 Establish sustainability governance structure

Actions

Internal capacity building

Sustainability task force creation

OUTCOME

Sustainability governance framework

2 Define context and relevant ESG risks and opportunities

Actions

Long list of sustainability topics

Evaluation of relevance and criticality with internal stakeholders

Selection of short list

OUTCOME

Short list of relevant ESG topics

3 Perform stakeholder assessment

Actions

Identify relevant stakeholders

Assess importance of topics to stakeholders

OUTCOME

Importance of ESG topics to stakeholders

4 Determine impact and financial materiality

Actions

Evaluation of actual and potential impacts (scale, scope, irremediability and likelihood)

Evaluation of financial materiality (size and likelihood)

OUTCOME

Impact on planet and society

Financial impact of ESG topics

5 Define material sustainability topics

Actions

Define the threshold

Identify material sustainability topics

OUTCOME

Material topics on which to report and build sustainability strategy

6 Sustainability strategy and action plan

Actions

Update sustainability strategy

Define ambitions and action plan

OUTCOME

Update sustainability strategy and targets

2.5.2.1 Our sustainability governance structure

The Recticel Board of Directors ensures that sustainability is embedded in the corporate strategy. It reviews the ESG strategy to make sure that appropriate sustainability standards and reporting frameworks are in place.

The overall responsibility for our sustainability ambitions, strategy, reporting and issues management resides with the Chief Executive Officer (CEO), who engages with the Management Committee to review the co-ordination of the company's roadmap for reporting and execution.

The Sustainability & Communications Director leads a cross-functional Sustainability Task Force (STF), oversees data gathering and compliance reporting to external benchmarks and steers communication on sustainability matters with internal and external stakeholders. The Sustainability Task Force was established to incorporate insights from various departments and teams within Recticel. It comprises members from the technical, operations, procurement, R&D, human resources, legal and sustainability departments.

Top-down engagement is vital for a robust and impactful double materiality analysis. At the beginning of 2023, we organised sustainability workshops with the Recticel Management Committee and with the Sustainability Task Force to deepen their understanding of the CSR Directive, its compulsory reporting framework (ESRS) and the double materiality assessment process. In the workshop, we identified a first list of sustainability impacts, risks, and opportunities, ensuring they aligned with Recticel's mission and reflected our perspective on stakeholder expectations.

2.5.2.2 Short list of relevant ESG risks and opportunities

Between July and October 2023, we carried out an assessment of ESG (Environmental, Social, and Governance) risks and opportunities. This assessment aimed to prioritise sustainability topics in terms of their relevance, whether they presented a risk or opportunity, their level of criticality, and the time frame for addressing them. Participants were also encouraged to offer specific feedback on these topics.

The outcome of this process resulted in a **condensed list of sustainability issues** to be further explored with stakeholders in 2024 and assessed for their impact and financial materiality:

Climate change (ESRS-E1)	**Pollution (ESRS-E2)**	**Resource use and circular economy (ESRS-E5)**	**Own workforce (ESRS-S1)**	**Workers in the value chain (ESRS-S2)**	**Consumers and end-users (ESRS-S4)**	**Business conduct (ESRS-G1)**
• Fight climate change through decarbonisation and resource efficiency • Deliver on our SBTi commitment • Energy efficiency and renewable energy	• Use of chemicals and substances of concern	• Renewable resources • Product design and circularity • Use of recycled materials and EOL value • Resource efficiency, waste reduction • Sustainable packaging	• Job satisfaction and well-being • Occupational health and safety • Working conditions and labour rights • Training and development • Diversity and inclusion	• Working conditions, health and safety in the supply chain	• Product performance • Product stewardship	• Good governance & transparency • Ethics and integrity • Process and product innovation • Procurement practices

More information and results can be found in Chapter 5.3, Charting the risk terrain: ESG risks and opportunities.

2.5.2.3 Importance of ESG topics to stakeholders

To ensure that none of the affected stakeholders were overlooked during the assessment, we conducted a comprehensive analysis of stakeholder groups throughout the value chain of our various businesses.

Information about the value chains of our various business activities and the different stakeholders can be found in Chapter 3.2.

Our key stakeholders, or those parties that invest in and impact our activities to the greatest degree, comprise shareholders and investors, customers, employees and suppliers.

As part of the double materiality assessment, our stakeholder consultation will be completed in Q2 2024. The results will give insight into how different stakeholders perceive the importance of sustainability topics for Recticel.

2.5.2.4 Moving forward in 2024

The next steps will be to define the most material ESG topics, update the corporate strategy and report on material topics.

From an **impact materiality** perspective, the materiality of an issue will be measured considering the severity and likelihood of its impact on the environment and/or people.

From a **financial materiality perspective**, the materiality of an issue will be measured by considering the magnitude of its financial effects and the probability of its occurrence.

The Recticel Group sustainability strategy will be **updated to integrate ESG priorities**, informed by the results of the double materiality assessment. Actions will be defined to fill gaps and accelerate sustainability ambitions.

Recticel will **report on all ESG topics identified as material** and their related impacts, risks, and opportunities in the 2024 Annual Report. To report in line with CSRD, we will disclose information on the double materiality process, governance, strategy, metrics and targets.

Given the significant role of climate change, own workforce and business conduct topics in our strategic sustainability journey, we have already incorporated all aspects of ESRS E1 – Climate Change (Chapter 6.1), ESRS S1 – Own Workforce (Chapter 6.2) and ESRS G1 – Business Conduct (Chapter 6.3) in the 2023 Annual Report.

3 Our value creation model

Sustainability is not just a component of our value creation model. It ***is*** our value creation model.

Where we create value

- Climate change
- Resource use and circular economy

- Own workforce
- Business conduct

- Energy efficient insulation solutions

How we create value

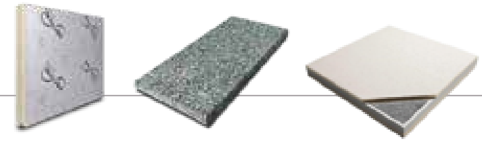
OUR RACE TO NET ZERO EMISSIONS

OUR RACE TO MAX POSITIVE PERFORMANCE

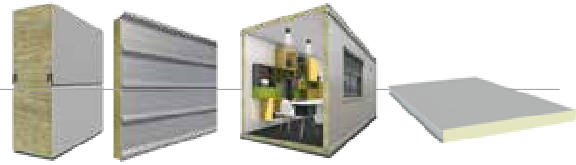
OUR PURPOSE

We fight climate change with leading products that lower the carbon footprint of buildings, we help architects and clients to develop exciting spaces and we contribute to well-being with thermo-acoustic & acoustic solutions.

INSULATION BOARDS



INSULATED PANELS



ACOUSTIC SOLUTIONS

The progress we made in 2023 (vs 2022)[1]

GHG emissions

scope 1	-22.8%
scope 2	-30.1%
scope 3	-9.7%

Carbon intensity per sales volume

scope 1+2/m³ -20.1%

Energy consumption

-20.6%

Energy intensity per sales volume (kWh/m³)

-14.0%

Avoided emissions[2]

22,897,740 tCO_2e, multiple: x 34.0

SDGs DEFINED BY RECTICEL

[1] Recticel's scope 1, scope 2 and scope 3 carbon footprint are subject to limited assurance by PwC. See Chapter 8.1 for their assurance report.
Due to a major methodology change resulting from obtaining more granular data from key suppliers we restated the previous years. This restatement is also due to the inclusion of Soundcoat in our scope 1, 2 & 3 calculations.
[2] Estimated avoided emissions from all our building insulation products over their lifetime

3.1 Regulatory framework

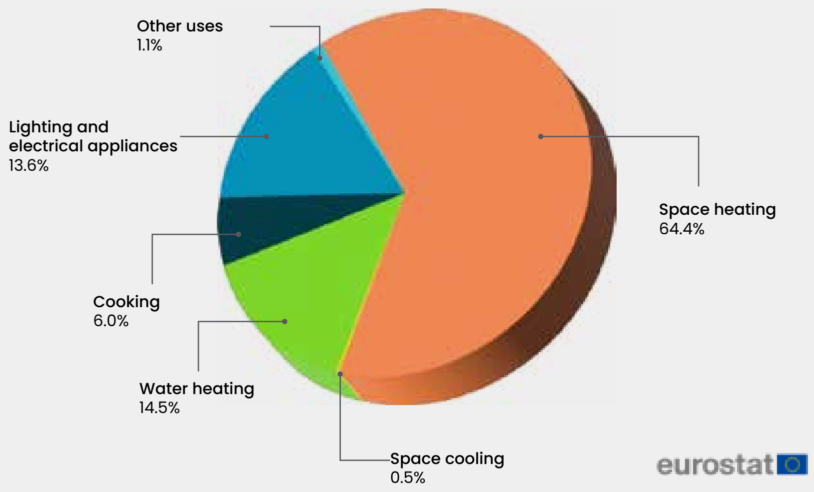
Our value creation model aligns with the European Green Deal, the set of proposals adopted by the European Commission in 2019 with the aim of making the European Union the first climate neutral continent by 2050. The Green Deal's regulatory framework includes measures to improve the energy efficiency of buildings through construction and renovation, formalised in the Energy Performance of Buildings Directive (EPBD).

On 14 March 2023, the European Parliament approved a revision to the EPBD including a proposal by the Commission to introduce mandatory Minimum Energy Performance Standards (MEPS) for the whole building sector. A provisional agreement was reached by the co-legislators on 7 December 2023, with final adoption expected in early 2024. The revised EPBD sets higher performance standards for new buildings and stricter targets to reduce energy consumption in existing buildings. It includes a focus on lifecycle greenhouse gas (GHG) emissions, Indoor Environmental Quality (IEQ) and the phaseout of fossil fuels.[3]

European households use energy for different purposes, including heating and cooling for living spaces, water heating, cooking, lighting, powering appliances and other uses which often occur outside the dwelling itself. Eurostat has been gathering and publishing data on household energy use since 2017, including a breakdown of the purposes for which the energy is consumed. In 2021, the residential sector accounted for 27% of final energy consumption or 18.6% of gross inland energy consumption in the EU.

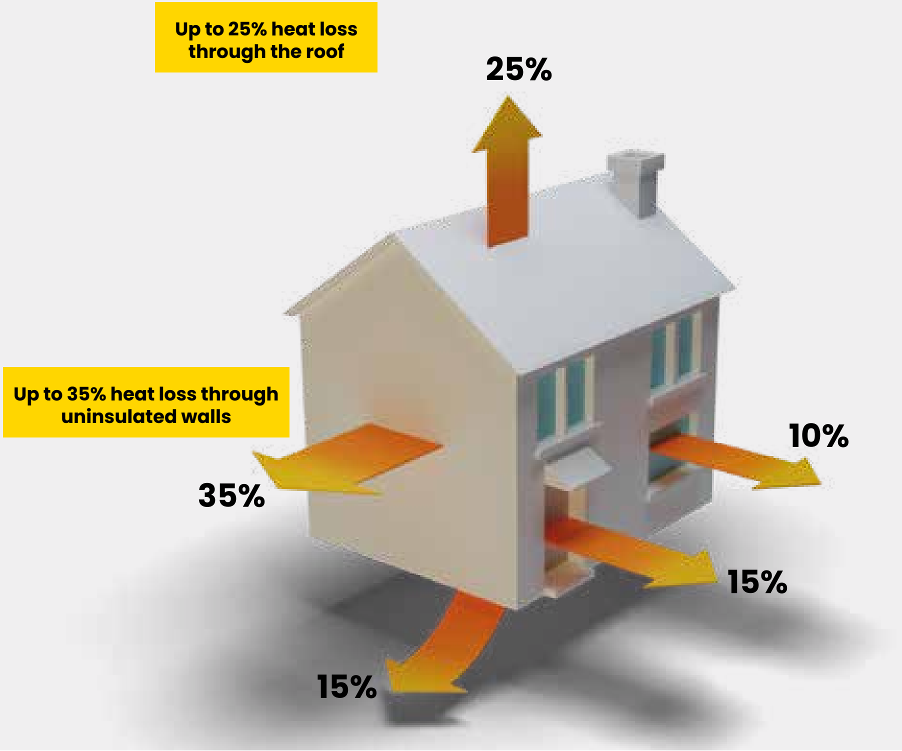
[3] *https://www.eurovent.eu/issues/energyperformanceofbuildings/*

ENERGY CONSUMPTION IN EU HOUSEHOLDS (% SHARE, 2021)



Source: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Energy_consumption_in_households

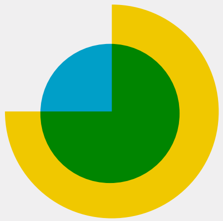
HEAT LOSS IN RESIDENTIAL BUILDINGS



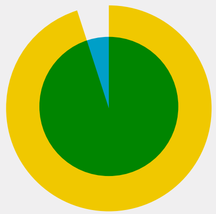
BUILDINGS ACCOUNT FOR:

40% of energy consumed

36% of energy-related greenhouse gas emissions consumed



75% of EU buildings are not energy efficient



85-95% of EU buildings are expected to still be standing in 2050

source: https://www.euractiv.com/section/energy-environment/opinion/insulating-the-economy-why-the-eu-must-aim-high-on-its-buildings-directive/

3.2 Specialised activities for a fully rounded offer

Recticel Group offers a comprehensive portfolio of insulated panels, insulation boards and acoustic solutions. Our activities are distributed across three divisions, incorporating brands which have been strategically selected for their excellence in their own specialities.

Insulated Panels

Our offering, addressable market, value proposition, value chain: Chapter 3.2.1

Insulation Boards

Our offering, addressable market, value proposition, value chain: Chapter 3.2.2

Acoustic Solutions

Our offering, addressable market, value proposition, value chain: Chapter 3.2.3

3.2.1 Insulated Panels

Metal faced insulated panels provide buildings with both insulation and weather protection. They are single, factory engineered components which are typically fixed directly to the structural frame with no requirement for a cavity in the cladding construction.

Recticel's Insulated Panels division serves customers through three brands – Trimo, Trimo MSS and the more recently acquired REX Panels & Profiles – for an offering that encompasses a broad selection of PIR and mineral wool based solutions.[4]

3.2.1.1 Insulated Panels – our offering

MINERAL WOOL INSULATED PANELS

TRIMO

TRIMOTERM – A range of environmentally friendly mineral wool insulated panels for façade, wall and roof applications. These panels are ideal for constructions with very high demands for fire resistance, sound reduction and thermal insulation.

TRIMOTERM

Trimoterm SNV (roof)

Trimoterm Sound

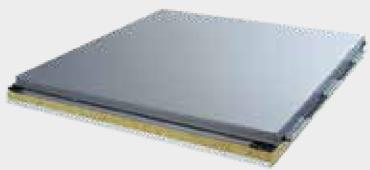
Trimoterm FTV (walls, façade)

Trimoterm FTV HL (walls, façade)

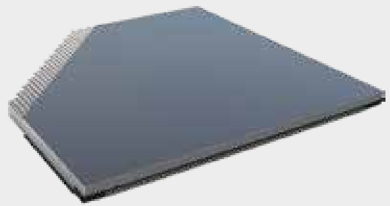
QBISS ONE & QBISS SCREEN -A design and technology breakthrough, this world class-engineered, prefabricated modular metal wall offers a true alternative to conventional built-up systems.

The QBISS One prefabricated metal wall system was developed in response to architectural and design demands: durability, flatness, rounded corners, shadow/flush joints and a vast array of colour options, combined with an enhanced return on investment.

QBISS ONE



QBISS SCREEN



[4] Read more about Recticel's acquisition of REX Panels & Profiles in Chapters 1.1 and 1.4 above.

ARTME – A unique high-tech façade surface treatment that allows literally unlimited shapes, patterns and visual effects to be inscribed on the façade envelope.

ArtMe uses a highly controlled, 3D-forming technology on completed façade elements with pre-coated steel-sheet surfaces. Recognising the importance of product performance, this façade treatment preserves the original integrity and characteristics of the elements without compromise.

QBISS NOTCH – A landmark collaboration between Trimo and the innovative Italian design house Pininfarina first showcased at the MIPIM real estate event in Cannes in February 2024.

A special edition of Trimo's QBISS architectural insulated panels, the QBISS Notch Wall System is a pioneering design that customises QBISS architectural wall systems with three fundamental elements:
- versatile vertical panel modules
- a unique graphic alphabet of curves and glyphs
- a "wing" modular plugin for decoration and illumination.

QBISS Notch not only enhances the architectural aesthetic but also highlights the vertical thrust, combining Trimo's engineering prowess and Pininfarina's design flair.

PIR AND MINERAL WOOL INSULATED PANELS

REX PANELS & PROFILES

The acquisition of REX Panels & Profiles on 10 January 2024 was a major step in Recticel's strategy to become a pan-European leader in the insulated panels segment. It reinforces our production capacity and will provide Trimo with access to the PIR insulated panels category as a complement to its existing mineral wool products.

MODULAR SPACE SOLUTIONS

TRIMO MSS

Trimo MSS provides modular units (each consisting of a floor, column and ceiling structural elements) for use in a wide range of applications, including commercial, hospitality, education and industrial facilities. With over 30 years of experience, Trimo has shipped almost 100,000 units worldwide, providing flexible, sustainable solutions with an exceptional price/performance ratio. The units are available in different dimensions and offer proven energy efficiency and certified fire resistance. They can be delivered either flat packed or fully factory assembled. Trimo MSS solutions are easy to install, almost 100% recyclable and designed to be used in consecutive projects over a long time period.

3.2.1.2 Insulated Panels – addressable market

The market for insulated panels is split between PUR/PIR and mineral wool core products, accounting for 80% and 20% of the market share respectively.
The main megatrends driving growth in this segment are:

- Sustainability
- Fire safety
- Energy efficiency
- Prefabrication

All of these trends are addressed in our brand and product portfolio. Furthermore, Recticel Group has demonstrated resilience to changes in market behaviour with a proven ability to adapt quickly to evolving demands.

3.2.1.3 Insulated Panels – value proposition

Insulated panels offer a unique set of benefits in construction. Their structural and physical properties allow great design freedom, while their advanced technical qualities provide a high-quality, total envelope solution. They are a particularly good match for pre-fabrication requirements, enabling regulatory compliance in a fast, cost-efficient and scalable manner.

Key features of the Recticel Insulated Panels portfolio

- Self-supporting (up to 10m single span)
- Single factory-manufactured unit
- Mineral wool (MW) / PIR insulation
- Water & air tightness
- Extreme thermal values
- Moisture resistant
- 98% recyclable (MW)

BENEFITS OF MINERAL WOOL AND PIR INSULATED PANELS

Single factory-manufactured unit

A sustainable choice

Safety and performance

Design flexibility

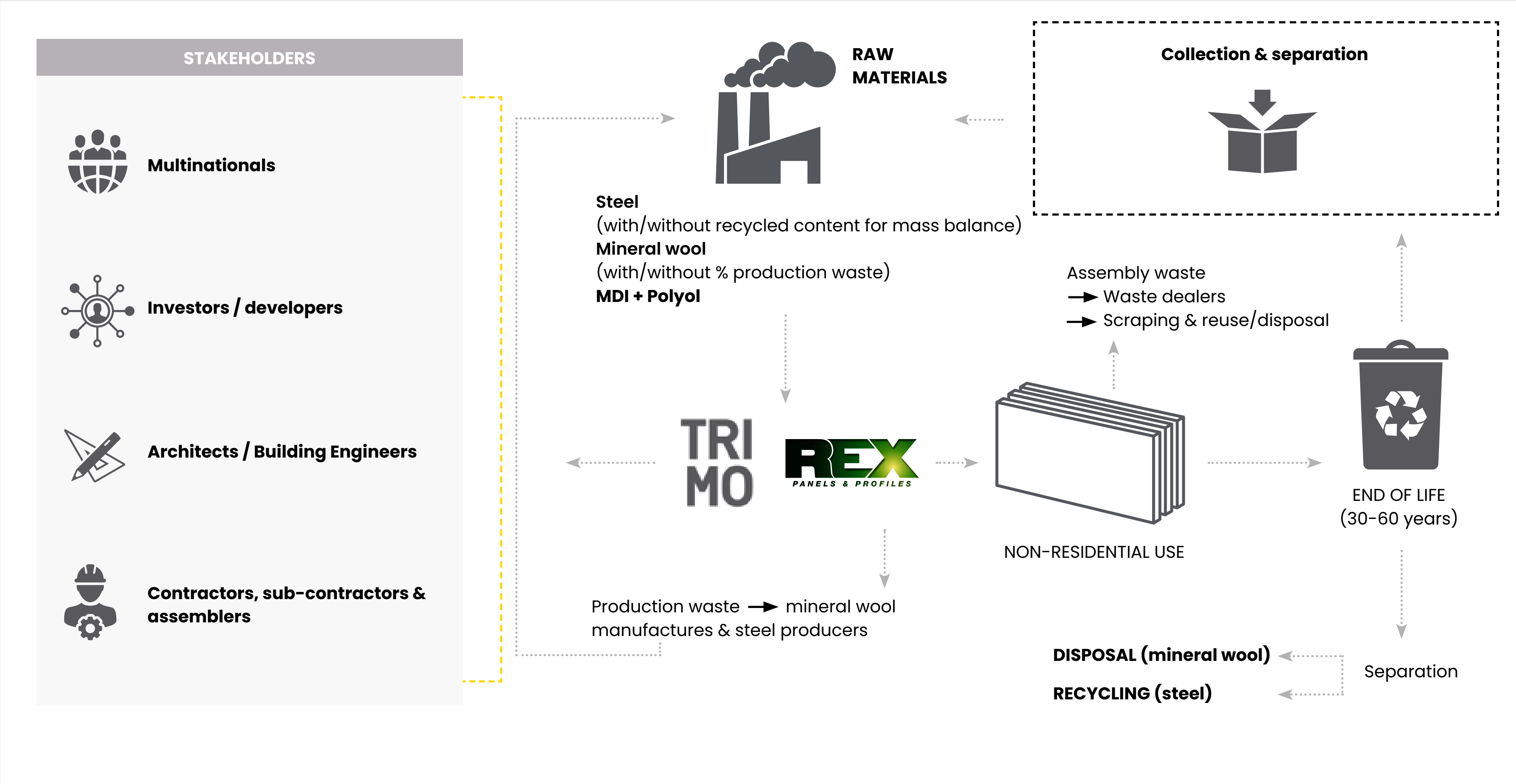
Lightweight factory system

Low life cycle costs

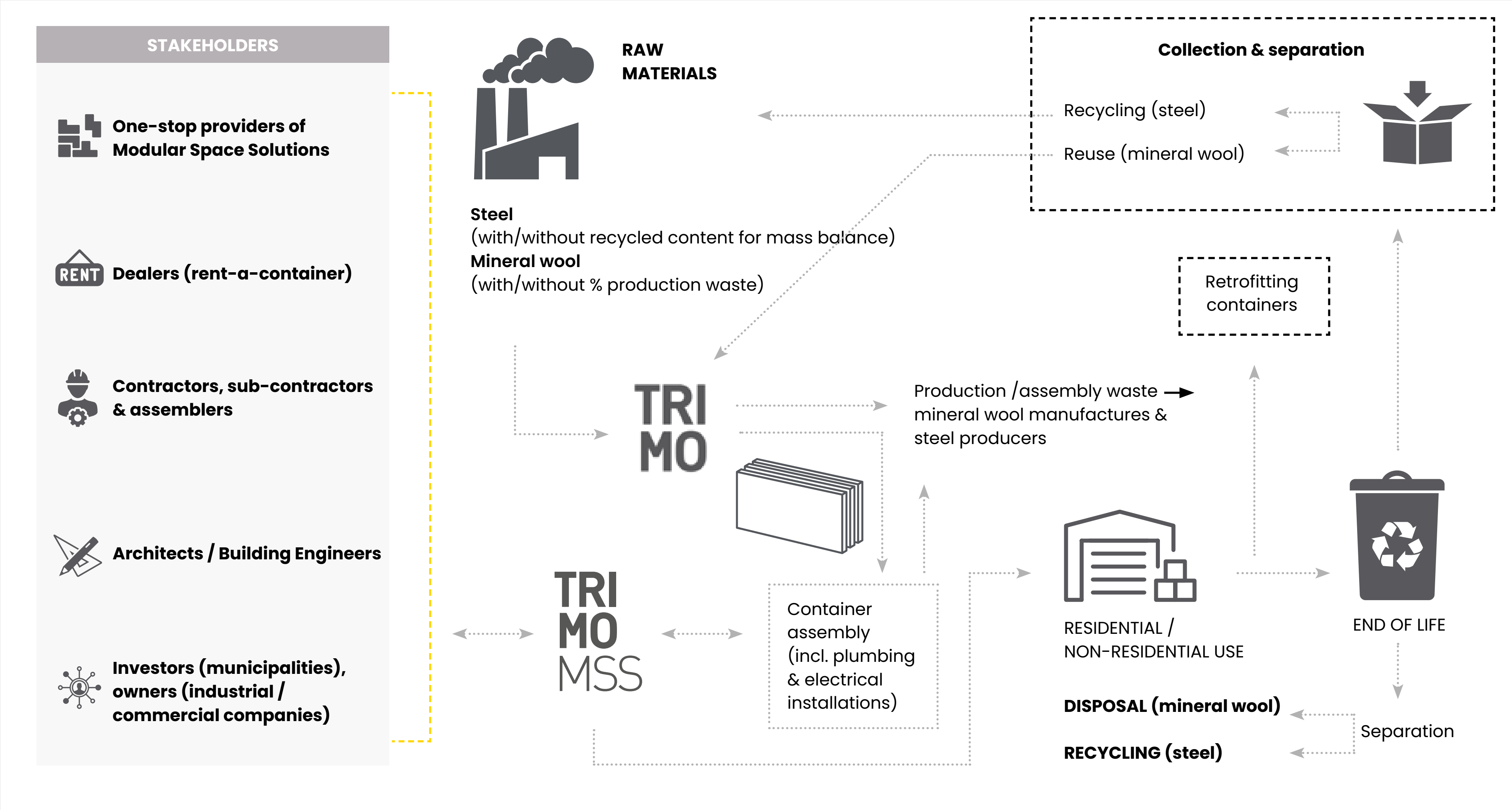
First-class service

3.2.1.4 Insulated Panels – value chain

TRIMO | REX PANELS & PROFILES



TRIMO MSS (MODULAR SPACE SOLUTIONS)



3.2.2 Insulation Boards

Our Insulation Boards division offers three types of products: thermal and thermo-acoustic insulation boards, and vacuum insulated panels.

Our thermal insulation boards consist of high-performance polyisocyanurate (PIR) foam laminated between two facing materials. The facing options are wide-ranging and include multi-layer foils, aluminium, bituminous and mineral coated glass fleece, and gypsum plasterboard laminates. Tailored for various residential and non-residential applications, our thermal insulation boards are applied in every area of the building envelope, including flat, tapered and pitched roofs, cavity walls, floors, internal linings and external wall insulation systems.

Our thermo-acoustic insulation boards for partition wall applications, made with minimum 70% PU foam, are sold under the brand name Simfocor®. Our inner wall thermo-acoustic solutions are also made from recycled materials and are simply attached to the interior wall with a special adhesive, reducing noise by around 87%.

The Insulation Boards division also includes vacuum insulated panels (VIP), delivered by our joint venture Turvac. Vacuum insulation extends the possibilities for insulation in situations where strict technical requirements and space constraints make traditional insulation solutions less practical. VIP applications include retrofitting existing buildings and temperature-controlled packaging for pharmaceuticals and food products.

3.2.2.1 Insulation Boards – our offering

FEEL GOOD INSIDE

RECTICEL insulation

THERMAL INSULATION FOR EVERY PART OF THE BUILDING ENVELOPE


Roof insulation (flat and pitched roofs)

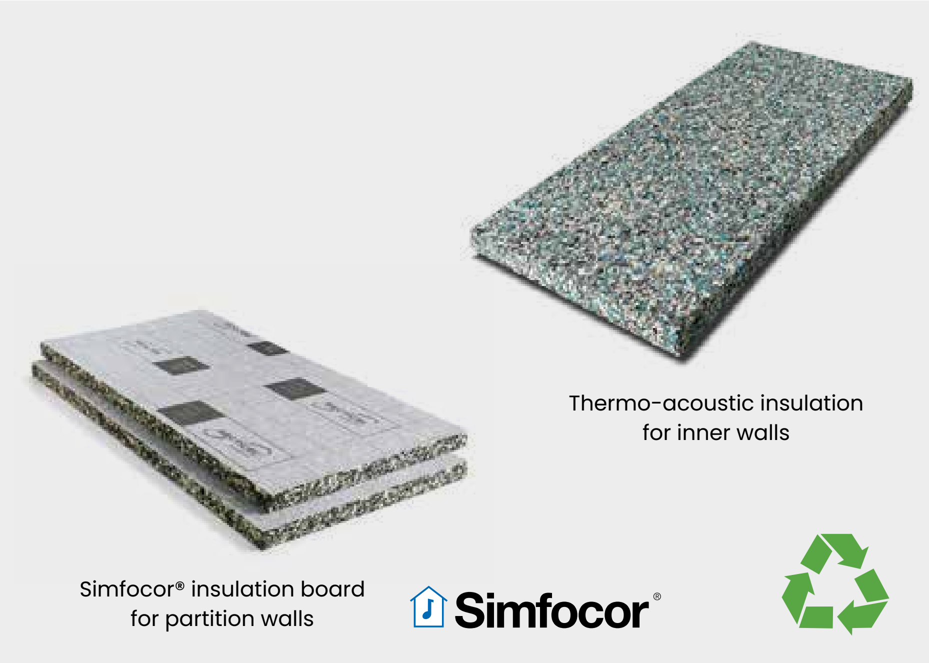

Floor insulation


Wall insulation

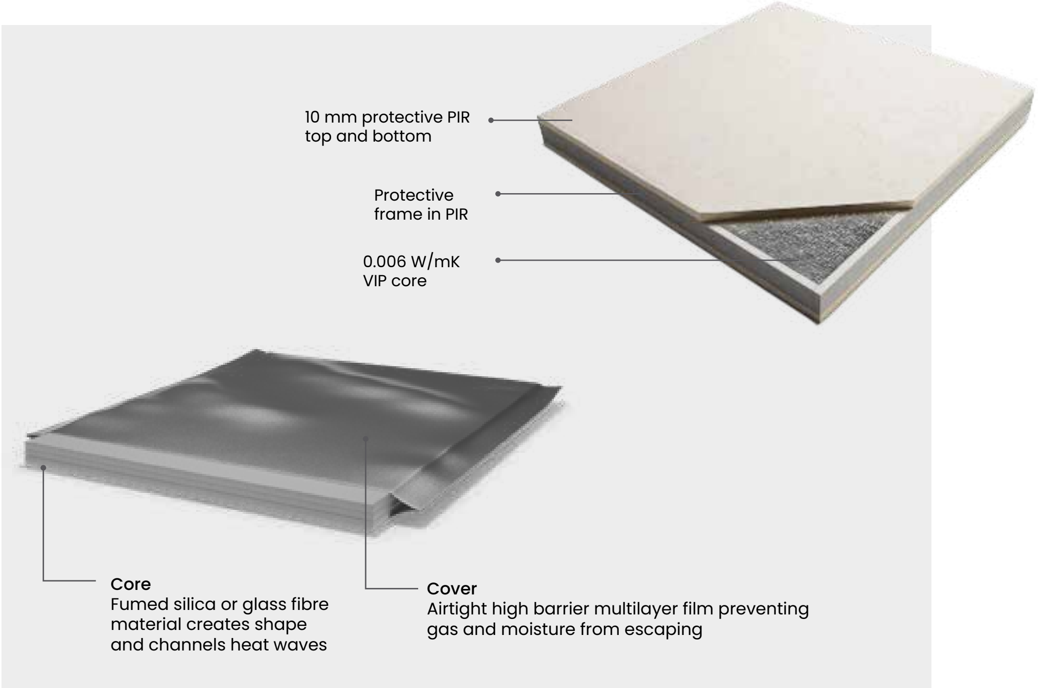
IMPACT – Launched in 2023, a range of thermal insulation boards for cavity wall and flat roof insulation, containing 25% bio-circular raw materials and reducing CO_2 emissions by an average of 43% compared to standard boards.

FEEL GOOD INSIDE

THERMO-ACOUSTIC INSULATION FOR REDUCED AIRBORNE NOISE



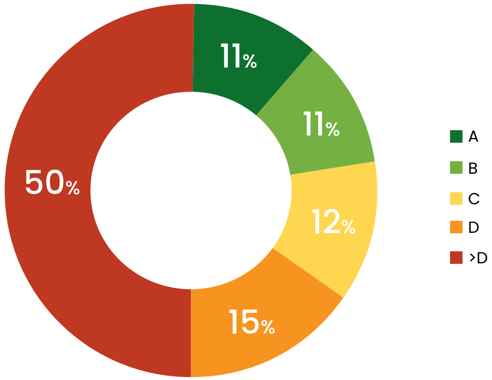
VACUUM INSULATION OFFERING ULTIMATE EFFICIENCY FOR DEMANDING APPLICATIONS



3.2.2.2 Insulation Boards – addressable market

PIR THERMAL INSULATION BOARDS

The market for Recticel's PIR thermal insulation boards is growing in line with the European building insulation market in general. Key drivers include increased government initiatives to insulate as part of the journey towards net zero, and an upsurge in the renovation of residential and commercial buildings.



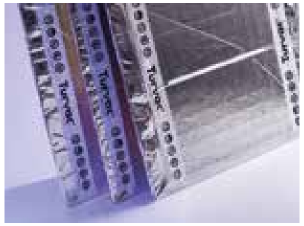
EU average distribution of EPC ratings (%)

THERMO-ACOUSTIC BOARDS

The market for thermo-acoustic solutions is also expected to grow in tandem with increasing awareness of noise pollution, stricter noise pollution standards, improving living standards, and the overall focus on energy efficiency. Our Simfocor® thermo-acoustic solutions are primarily intended for the DIY market. Our thermo-acoustic panels contain minimum 70% recycled PU foam from end-of-life mattresses.

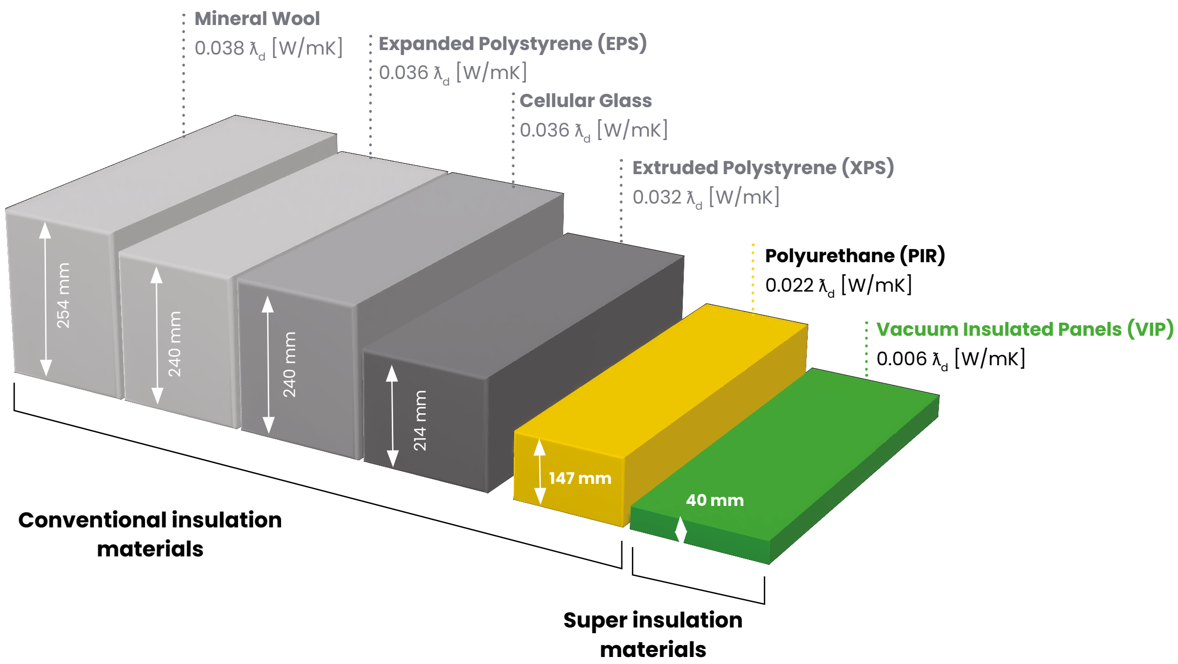
VACUUM INSULATED PANELS

The market for vacuum insulated panels includes the building and construction industry, especially in renovation and retrofitting sectors. Due to their exceptionally high efficiency and space-saving characteristics, our VIPs address additional markets in the cold chain packaging and pharmaceutical industries.



3.2.2.3 Insulation Boards – value proposition

Our **PIR thermal insulation solutions** make a particular contribution to economic and environmental sustainability. Insulation boards allow regulatory compliance to be achieved with thinner walls and roofs. As an insulating material, PIR outperforms conventional materials such as mineral wool (glass wool/stone wool), XPS/EPS and cellular glass.

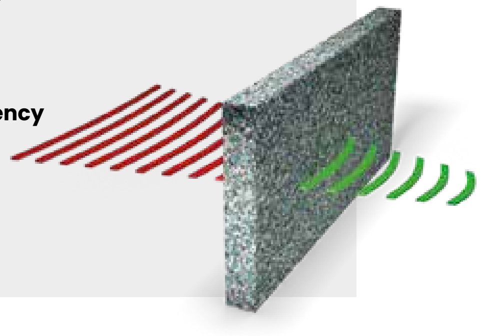


The lambda value (λ-value) is an indication of a product's thermal conductivity in W/mK. The lower the thermal conductivity, the higher the insulating performance and the greater the savings in heating/cooling costs for the building. λ_d, the declared lambda value, represents the thermal conductivity of a material as tested in a lab with constant conditions of temperature and humidity, and includes the aging of the material. The graph here above is based on a building shell element of U=0.15 W/m²K or thermal resistance value R=6.65 m²K/W (R=1/U).

Aimed at the DIY market, our **thermo-acoustic boards** are designed with an eye to versatility and straightforward installation. Our thermo-acoustic insulation board for partition wall applications, made with minimum 70% recycled PU foam from end-of-life mattresses are sold under the brand name Simfocor®, received the 'Solar Impulse Efficient Solution' certificate. Issued by Bertrand Piccard's Solar Impulse Foundation, this certificate is awarded to products, services and processes combining credible environmental and economic performance.

BENEFITS OF THERMO-ACOUSTIC INSULATION BOARDS

- **Quick and easy**
- **Space-efficient**
- **Reduced airborne noise**
- **Improved energy efficiency**
- **High recycled content**



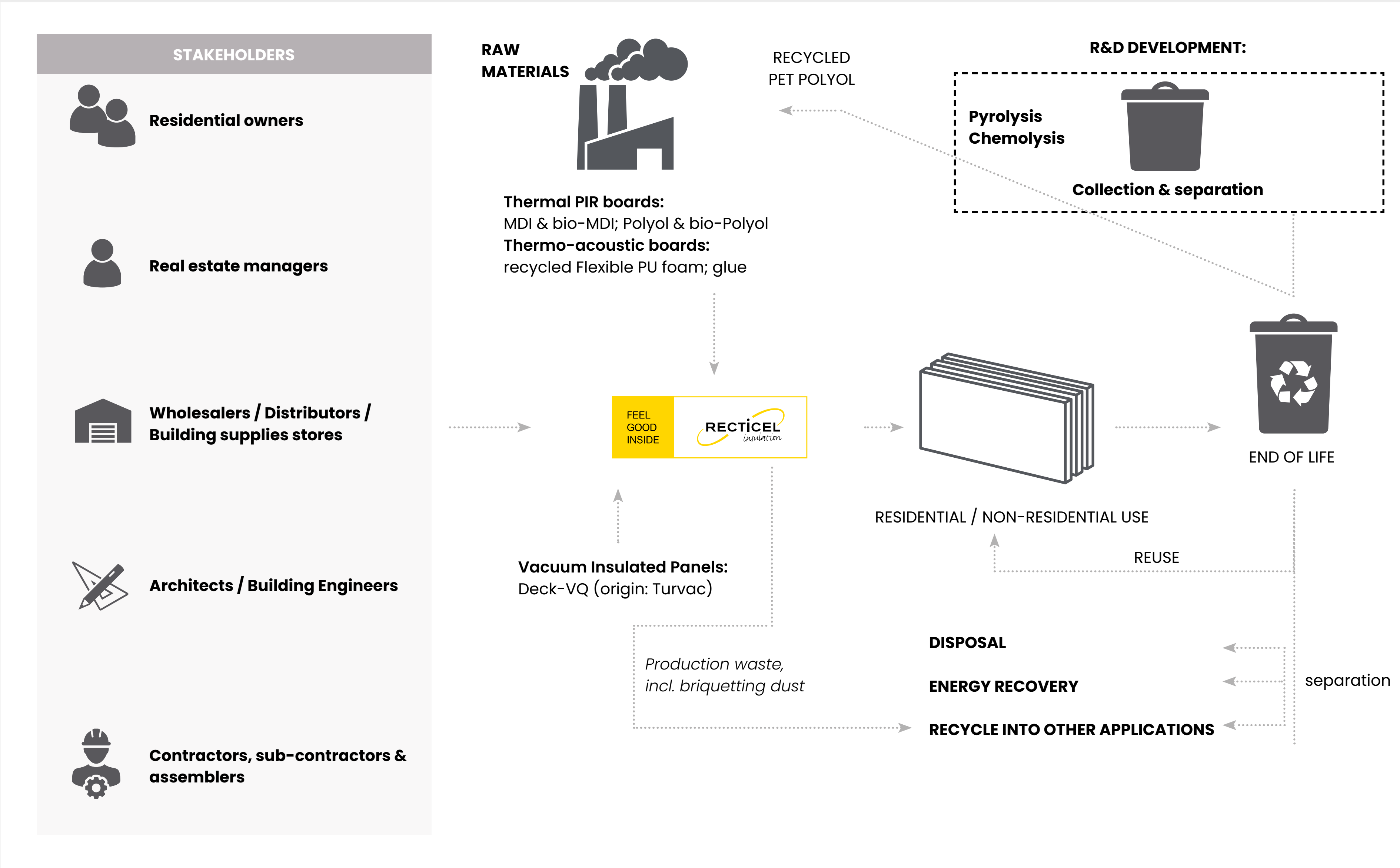
Our **vacuum insulated panels** (delivered through the Turvac joint venture) add significant value by enabling insulation in situations where it would otherwise be extremely difficult or even impossible. This is due to their ability to provide the most efficient performance with the thinnest layer. Vacuum insulated panels can be used to meet strict insulation requirements in constrained spaces. Their applications include:

- Retrofitting existing buildings where available space for insulation is limited;
- Temperature-controlled packaging used for transport of ultra-low temperature (ULT) vaccines and other temperature-sensitive drugs;
- International trade in perishable products and food supplies.

BENEFITS OF VACUUM INSULATED PANELS

- **Environmentally friendly**
- **Reduced thickness**
- **Long lifetime**

3.2.2.4 Insulation Boards – value chain



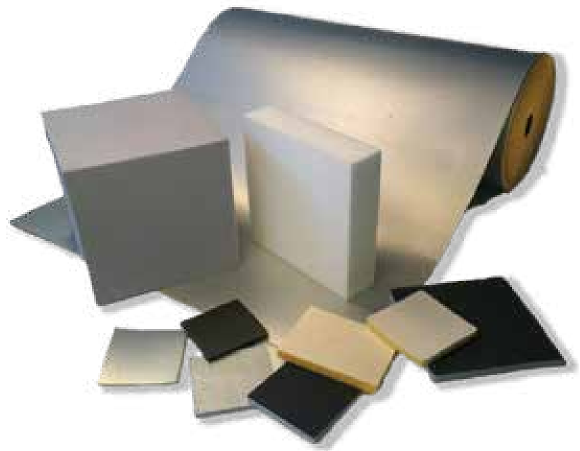
3.2.3 Acoustic Solutions

Soundcoat specialises in tailored acoustic insulation solutions for equipment used in various sectors. For over six decades, it has been building sound relationships with manufacturers and developing pioneering noise solutions, propelled by a spirit of innovation that enables it to tackle market challenges head-on.
Renowned for its products and customer-centric ethos, Soundcoat engages in close collaboration with clients from the initial stages of the equipment concept through to implementation and operation. Based in the US, it has operating facilities in New York and California.

3.2.3.1 Acoustic Solutions – our offering

Soundcoat employs a holistic approach to managing acoustics, covering problem diagnosis, product engineering, production and ongoing quality assurance. This approach yields customised solutions utilising a range of products tailored to specific needs:

- Engineering Services: Full service engineering including in-house customer testing in the lab's hemi-anechoic chamber, transmission loss window or reverb room; acoustic modelling and predictive analysis.
- Absorption: Materials designed to diminish reverberant airborne noise by converting acoustic energy into thermal energy.
- Barrier: Solutions engineered to offer high sound transmission loss for various low-frequency applications.
- Damping: Products crafted to mitigate vibrations from impact sources, panel resonance and radiated sound from structures.
- Gasketing: Primarily utilised between metal or structural components, products to regulate contamination, airflow, noise, vibration, RF-EMI, ESD and thermal loss.
- Thermal: Solutions utilising porous and fibre-blended materials suitable for high-temperature environments and aerospace applications.



3.2.3.2 Acoustic Solutions – addressable market

Soundcoat offers acoustic engineering services and product solutions to Original Equipment Manufacturers (OEMs) across various segments, including aviation, aerospace, heavy-duty and transport vehicles, energy storage and charging, generator sets, semiconductor processing equipment and medical equipment. These sectors are characterised by rapid technological advancements and increasing regulatory demands regarding sound level performance associated with the customer's product. Soundcoat serves the following markets:

- Aerospace & Aviation
- On-road heavy-duty vehicles
- Industrial equipment
- Building & Infrastructure
- Energy & Utilities
- Medical Equipment Manufacturing
- Electrical & Electronics

3.2.3.3 Acoustic Solutions – value proposition

Noise control is one of the great differentiators in equipment manufacturing. It sets the tone for product quality and can be integral to a brand's reputation. Soundcoat maximises the value of its noise control solutions by approaching each project as a partnership. Its engineers collaborate with manufacturers on their designs and provide highly specialised subject-matter expertise and practical know-how throughout the design, manufacturing, testing, implementation and operational stages.

Soundcoat develops its solutions utilising a fully equipped acoustics lab; a materials testing lab; best-in-class predictive analysis and computer modelling tools; and two manufacturing facilities monitored under a rigorous system of internal quality control. With highly developed in-house competencies, it can deliver a variety of acoustic solutions including laminated composites consisting of films, acoustic fabrics or embossed facings; materials cut to shape with or without adhesive backing; or products in sheets, rolls or packaged in kits.

The company has a strict quality assurance policy and is ISO 9001:2015 registered at both its New York and California facilities. The California facility also carries additional AS9100 certification to handle the needs of its aerospace and aviation customers.

BENEFITS OF SOUNDCOAT ACOUSTIC SOLUTIONS

Noise reduction

Protection of equipment

Improved comfort

Enhanced product performance

Compliance with regulations

3.2.3.4 Acoustic Solutions – value chain

STAKEHOLDERS

Primary markets

Mobilty Performance: Aerospace, Aviation, Class 8 truck

Industrial Solutions: Power generation, Heavy-duty vehicles, Semiconductor equipment, Building acoustics

Medical OEM equipment: Fluid diagnostics, Waste management, Oxygen therapy

B2B

- R&D (acoustics engineers)
- application engineering / support
- procurement management
- manufacturing / assembly

RAW MATERIALS

Foams (Melamine foam, PU foam, Polyimide foam)
Plastics
Chemicals
Metals (aluminium, lead)
Adhesives

soundcoat

Production waste

Parts & Complete kits

END OF LIFE

Separation

DISPOSAL

RECYCLING INTO OTHER APPLICATIONS

4 2023 Business performance

4.1 Report of the Board of Directors

On 28 February 2024, the Board of Directors approved the 2023 consolidated accounts. The financial performance, operational highlights and strategic initiatives were released via a press release issued on 29 February 2024.

4.1.1 Executive summary

- **Recticel transitioned into a provider of smart insulation solutions for sustainable buildings.**
- **Net sales decreased from EUR 587.8 million[1] in 2022 to EUR 529.4 million (-9.9%) in 2023.**
- **Adjusted EBITDA: from EUR 64.4 million[1] to EUR 39.2 million (-39.2%).**
- **Net cash position: EUR 161.9 million (31 December 2022: net financial debt of EUR 250.0 million.[1/2])**
- **Proposal to pay a stable gross dividend of EUR 0.31 per share.**

Jan Vergote (CEO Recticel): *"Our full year 2023 results reflect the adverse trends in the European construction markets, mainly caused by inflation and an unprecedented increase in the cost of money. This has resulted into shrinking market volumes, with margin pressures in our Insulation Boards activity being especially fierce in the second half. The full effect of the drop in the number of new building permits has yet to be seen, whereas renovation markets seem somewhat more resilient.*
Despite this market context, as from the fourth quarter we have stopped the decrease in volumes in Insulation Boards and have increased year-over-year sales volume and market share in our premium Insulated Panels activity. A combination of planned and unplanned production stops at our suppliers' facilities, as well as longer supply lines due to the geopolitical issues in the Red Sea, is resulting into MDI price hikes and potential shortages, which will require us to increase sale prices accordingly.

We are implementing cost reductions, improving our positions in attractive market segments and increasing our focus on innovation to better address the challenges of the upcoming large-scale sustainability transition in construction.

We have created a growth platform for Trimo's premium Insulated Panels strategy in Western Europe by closing the acquisition of REX Panels & Profiles in the early days of 2024. Integration is progressing well, and we expect to be ready with technical adjustments and certifications by the end of the year.

Our net cash position, which further increased during the second half of 2023, will allow us to further invest in smart additions and geographical expansion, as well as greenfield initiatives where appropriate.

Despite the low visibility on the timing of a potential market recovery, we are confident that we will significantly increase our Adjusted EBITDA compared to 2023."

[1] As announced in the press release of 14 June 2023, The Soundcoat Company Inc. was not part of the divestment to Carpenter Co and was transferred from discontinued operations to continuing operations as of 1 January 2022. The formerly published 2022 income statements, financial position and cash-flow statements have been restated accordingly.
Trimo d.o.o. (Insulated Panels) is fully consolidated as of 1 May 2022
[2] Excluding the drawn amounts under non-recourse factoring programs: EUR 0.0 million per 31 December 2023 compared to EUR 13.2 million per 31 December 2022.

4.1.2 Consolidated Group results – key figures

in million EUR

	2022 RESTATED[1]	2023	%
Sales	**587.8**	**529.4**	**-9.9%**
Gross profit	113.4	90.1	-20.6%
as % of sales	19.3%	17.0%	
Adjusted EBITDA	**64.4**	**39.2**	**-39.2%**
as % of sales	10.9%	7.4%	
EBITDA	**59.9**	**36.1**	**-39.7%**
as % of sales	10.2%	6.8%	
Adjusted operating profit (loss)	**43.8**	**15.9**	**-63.7%**
as % of sales	7.4%	3.0%	
Operating profit (loss)	**38.3**	**12.6**	**-67.1%**
as % of sales	6.5%	2.4%	
Financial result	**(10.0)**	**(4.1)**	**N/A**
Income from other associates [3]	**(1.2)**	**(1.8)**	**N/A**
Impairment other associates	**0.0**	**(7.7)**	**N/A**
Change in fair value of option structures	**2.3**	**0.0**	**N/A**
Income taxes	**(16.0)**	**(8.0)**	**N/A**
Result of the period of continuing operations	**13.5**	**(9.0)**	**N/A**
Result of discontinued operations	**49.3**	**12.2**	**-75.3%**
Result of the period (share of the Group)	**62.4**	**3.3**	**-94.7%**
Result of the period (share of the Group) - base (per share, in EUR)	1.12	0.06	-94.7%

in million EUR

	31 DEC 2022	31 DEC 2023	%
Total equity	**446.2**	**438.0**	**-1.8%**
Net financial debt (incl. IFRS 16 - Leases)	250.0	(161.9)	N/A
Gearing ratio (Net financial debt / Total equity)	**56.0%**	**N/A**	
Leverage ratio (Net financial debt / EBITDA)[4]	2.2	N/A	

The following change in the scope of consolidation took place in 2023: disposal on 12 June 2023 of the Engineered Foams activities, which were already accounted for as Discontinued Operations on 30 June 2022.

The results of the Automotive joint venture (TEMDA2/ Ascorium) are reported under 'Income from other associates'.

N/A = not applicable

[3] 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 (until April 2022) and Ascorium (formerly Automotive Interiors).
[4] The pro forma leverage ratio = Net financial debt (after application of IFRS 5) divided by the sum of (a) EBITDA (last 12 months) (before application of IFRS 5) and (b) EBITDA (last 12 months) of the acquired company Trimo d.o.o. This pro forma leverage ratio is a better comparable.

Sales: from EUR 587.8 million[1] in 2022 to **EUR 529.4 million** in 2023.

in million EUR

	1Q2022 RESTATED[1]	2Q2022 RESTATED[1]	3Q2022 RESTATED[1]	4Q2022 RESTATED[1]	2022 RESTATED[1]	1Q2023	2Q2023	3Q2023	4Q2023	2023	% FY
Sales	126.9	160.4	160.2	140.3	**587.8**	127.7	138.4	132.3	131.0	**529.4**	-9.9%

Fourth quarter 2023

4Q2023 sales decreased by 6.6% from EUR 140.3 million[1] in 2022 to **EUR 131.0 million**, including -0.15% currency effect, due to lower prices as a consequence of raw material deflation and competitive pressure.

Sequentially, from 3Q2023 to 4Q2023, volumes in Insulation Boards resisted well and volumes in Insulated Panels recovered above year-over-year comparatives. In parallel, the order intake in Insulation Boards remains volatile, while order intake in Insulated Panels remains at a level allowing continuation of the positive evolution observed as from the third quarter of 2023.

Full year 2023

FY2023 sales decreased by 9.9% from EUR 587.8 million[1] **EUR 529.4 million**, including -0.62% currency impact.

Adjusted EBITDA: from EUR 64.4 million[1] in 2022 to **EUR 39.2 million** in 2023.
Adjusted EBITDA margin on sales decreased from 10.9% to **7.4%**.

in million EUR

	1H2022 RESTATED[1]	2H2022 RESTATED[1]	2022 RESTATED[1]	1H2023[5]	2H2023[5]	2023	% FY
Adjusted EBITDA	27.1	37.2	**64.4**	18.2	20.9	**39.2**	-39.2%

Adjusted EBITDA was negatively impacted by the margin erosion in Insulation Boards, which was the consequence of increased competitive pressure in a building market affected by large volume reductions and decreasing raw material input prices.

Adjusted operating profit (loss): from EUR 43.8 million[1] in 2022 to **EUR 15.9 million** in 2023.
Adjusted operating profit (loss) margin on sales decreased from 7.4% to **3.0%**.

in million EUR

	1H2022 RESTATED[1]	2H2022 RESTATED[1]	2022 RESTATED[1]	1H2023	2H2023	2023	% FY
Adjusted operating profit (loss)	24.1	19.6	**43.8**	6.7	9.2	**15.9**	-63.7%

[5] *1H2023 and 2H2023 figures in the press release issued on 29 February 2024 have been corrected.*

Adjustments to Operating profit (loss):

in million EUR

	1H2022 RESTATED[1]	2H2022 RESTATED[1]	2022 RESTATED[1]	1H2023	2H2023	2023
Restructuring charges and provisions	(1.2)	0.3	(0.9)	(1.2)	(1.9)	(3.1)
Other	(3.4)	(0.2)	(3.6)	(1.1)	1.2	0.1
Total impact on EBITDA	**(4.6)**	**0.1**	**(4.5)**	**(2.3)**	**(0.7)**	**(3.0)**
Impairments	(0.1)	(1.0)	(1.0)	(0.3)	0.0	(0.3)
Total impact on Operating profit (loss)	**(4.6)**	**(0.9)**	**(5.5)**	**(2.6)**	**(0.7)**	**(3.3)**

Adjustments to Operating profit (loss) on continuing operations in 2023 amount to EUR -3.3 million and include:

- EUR -3.1 million of restructuring costs;
- EUR 0.1 million of other adjustments: mainly M&A related transaction costs offset by partial release of the Ascorium insurance (EUR 1.0 million);
- EUR -0.3 million impairment on intangible and tangible fixed assets.

Adjustments to Operating profit (loss) on continuing operations in 2022 amounted to EUR -5.5 million and included:

- EUR -0.9 million of restructuring costs;
- EUR -3.6 million of other adjustments, which relate mainly to (i) legal and financial advisory fees (EUR -1.6 million) primarily linked to the acquisition of Trimo, (ii) a fair value adjustment on inventories by application of IFRS 3 (reversal of inventory step up values) resulting from the purchase price allocation of Trimo (EUR -2.7 million);
- EUR -1.0 million impairment on right of use assets following the expected reduced usage of the HQ building following the divestment of Engineered Foams to Carpenter.

EBITDA: from EUR 59.9 million[1] in 2022 to **EUR 36.1 million** in 2023.
EBITDA margin on sales decreased from 10.2% to **6.8%.**

Operating profit (loss): from EUR 38.3 million[1] in 2022 to **EUR 12.6 million** in 2023.
Operating profit (loss) margin on sales decreased from 6.5% to **2.4%.**

Financial result: from **EUR -10.0 million[1]** in 2022 to EUR -4.1 million in 2023.

Interest charges increased from EUR -5.6 million[1] in 2022 to EUR -7.8 million in 2023 as a result of the higher debt following the Trimo acquisition in the second quarter of 2022 and the gradually increasing variable market interest rates. These interest charges were partially offset in 2H2023 by the interest income on the cash EUR +3.9 million.

Other net financial income and expenses: from EUR -4.8 million[1] in 2022 to EUR -0.1 million in 2023. The negative amount in 2022 is linked to a EUR -6.2 million one-off reversal of historic currency translation adjustments as a result of the liquidation of a holding company in the UK.

Income and impairment from other associates: from EUR -1.2 million[1] in 2022 to **EUR -9.5 million** in 2023 relates primarily to the full impairment of the TEMDA2 investment value (at 49%).

Fair value of option structures: from EUR +2.3 million[1] in 2022 to **EUR +0 million** in 2023.

Income and deferred taxes: from EUR -16.0 million[1] in 2022 to **EUR -8.0 million** in 2023.

- Current income tax: from EUR -9.3 million[1] in 2022 to EUR -4.5 million in 2023; current tax charges decrease in line with the lower results.
- Deferred tax: from EUR -6.7 million[1] in 2022 to EUR -3.5 million in 2023; decrease partially related to changes in tax legislation in Belgium in 2022.

Result of the period of continuing operations: from EUR 13.5 million[1] in 2022 to **EUR -9.0 million** in 2023.

Result from discontinued operations: from EUR 49.3 million[1] in 2022 to **EUR 12.2 million** in 2023.

The result from discontinued operations in **2023** mainly represents:

(i) the result until 12 June 2023 of the Engineered Foams activities sold to Carpenter Co. (EUR -0.5 million);

(ii) the net capital gain on the disposal of the Engineered Foams activities sold to Carpenter Co. amounting to EUR +10.7 million and composed of the following items:

- gain on the divestment of Engineered Foams: EUR +32.2 million (including EUR 22.3 million provisions on transactions related tax exposures and indemnities;
- direct attributable transaction costs: EUR -6.8 million;
- Cumulative Translation Adjustment release in the income statement: EUR -7.5 million;
- positive result 1H2023 Orsa Foam (EUR +0.5 million) + impairment (EUR -6.9 million) + related costs (EUR -0.8 million).

(iii) the result of the Aquinos closing account settlement (including the release of the closing accounts provision and the interest on the Aquinos receivable (EUR +2.0 million)).

The total result (restated) of discontinued operations in **2022** was composed of:

(i) the result of the period of the Engineered Foams activities which were sold to Carpenter Co. (EUR +32.8 million);

(ii) the result of the first three months of 2022 of the Bedding activities (EUR +1.3 million);

(iii) the net capital gain on the disposal of the Bedding activities sold to Aquinos Group (EUR +17.9 million, including EUR 5.0 million of provisions for indemnities);

(iv) the impact of the restatement linked to the transfer from discontinued operations to continuing operations of The Soundcoat Company Inc. (EUR -3.5 million);

(v) the result of the settlements related to the divestment of the Ascorium activities (EUR +0.8 million).

Consolidated result of the period (share of the Group): from EUR 62.4 million in 2022 to **EUR 3.3 million** in 2023.

4.1.3 Financial position

in million EUR

	31 DEC 2022 RESTATED[1]	31 MAR 2023	30 JUN 2023	30 SEP 2023	31 DEC 2023
Total equity	**446.2**	**-**	**437.3**	**-**	**438.0**
Net financial debt excluding factoring	239.8	250.8	(151.0)	(163.9)	(173.2)
+ Lease debt (IFRS 16)	10.2	9.5	8.8	8.3	11.3
Net financial debt	**250.0**	**260.3**	**(142.3)**	**(155.6)**	**(161.9)**
+ Drawn amounts under factoring programs	13.2	18.9	0.0	0.0	0.0
Total net financial debt	**263.2**	**279.1**	**(142.3)**	**(155.6)**	**(161.9)**
Gearing ratio (incl. IFRS 16)	56.0%	-	**N/A**	-	**N/A**
Leverage ratio (incl. IFRS 16)	2.2	-	**N/A**	-	**N/A**

The Group's net cash position further improved by EUR 6.3 million over 4Q2023, due to disciplined working capital management, some M&A related incoming payments and positive interest income.

4.1.4 Subsequent event – REX acquisition

On 10 January 2024 Recticel successfully completed the acquisition of REX Panels & Profiles SA (see press release of 11 January 2024). This acquisition is the second major step in deploying our strategy to become a pan-European leader in the insulated panels segment (see press release of 21 December 2023). The acquisition price was paid in cash for an enterprise value of EUR 70 million. REX Panels & Profiles SA will be consolidated in Recticel's financial statements as from 10 January 2024.

4.1.5 Sustainability – climate change

In October 2022, Recticel joined the Science Based Targets initiative (SBTi) community in a concerted effort to limit global warming to 1.5°C above pre-industrial levels. Recticel's GHG emissions reduction targets (near-term by 2030 and long-term by 2050) to becoming net-zero (baseline 2021) were approved by SBTi on 14 February 2024.

All our emissions are calculated according to the Greenhouse Gas Protocol for the full scope of our divisions – Insulation Boards, Insulated Panels, Acoustic Solutions – for the years 2021, 2022 and 2023. Due to a major methodology change resulting from obtaining more granular data from key suppliers (e.g. impacting scope 3, category 1 - Purchased goods & services), we restated the previous years, including the SBTi base year. This restatement is also due to the inclusion of Soundcoat in our scope 1, 2 & 3 calculations.

The 2023 absolute emission reduction in scope 1 & 2 versus base year 2021 is in line with the projected plan to reach 90% reduction by 2030 (SBTi). This is demonstrated by the carbon and energy intensity indicators, based on sales volume, which eliminates any price volatility, irrelevant to the climate change contribution.

Indicators	2021 RESTATED SBTI BASE YEAR	2022 RESTATED	2023	% 2023-2022	% 2023-2021
Greenhouse gas indicators (tCO_2e)					
scope 1	5,746	5,270	4,437	-15.8%	-22.8%
scope 2	5,115	4,483	3,575	-20.3%	-30.1%
scope 2 - market based	5,115	4,483	3,575		
scope 2 - location based	5,179	4,962	3,913		
variance (= impact of renewable energy)	64	479	338		
scope 3 (excluding investments)	737,001	717,813	665,563	-7.3%	-9.7%
scope 1+2+3 (excluding investments)	747,862	727,567	673,575	-7.4%	-9.9%
scope 1+2+3 (including investments)	768,944	746,889	691,905	-7.4%	-10.0%
Renewable energy indicators (MWh)					
Photovoltaic energy consumption	710	2,904	2,383	-17.9%	+235.7%
Photovoltaic energy production on-site	760	4,287	3,848	-10.2%	+406.4%
Carbon and energy intensity indicators, based on sales volume[6]					
Carbon intensity scope 1+2, per sales volume ($tCO_2e/1000m^3$)	3.4	3.0	2.7	-9.5%	-20.1%
Carbon intensity scope 1+2+3, per sales volume ($tCO_2e/1000m^3$)	234.0	223.8	228.2	2.0%	-2.5%
Energy intensity, per sales volume ($MWh/1000m^3$)	18.2	16.7	15.6	-6.4%	-14.0%

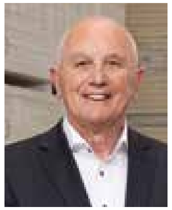
Avoided emissions [7/8]	2022 RESTATED	2023	%
Estimated avoided emissions from all our building insulation products over their lifetime (multiple)	x 35.6	x 34.0	-4.5%

More information on this topic is provided in Chapter 6.1, Environmental statement.

[6] The Greenhouse Gas Protocol Category 3.15 Investment is not included in the carbon and energy intensity indicators.
[7] Calculated according to the Attributional Life Cycle Assessment (LCA), GHG Protocol framework. Totality of GHG emissions considered (scope 1+2+3).
[8] Updated figures since press release issued on 29 February 2024.

4.2 Board of Directors

On 31 December 2023, the Board consisted of one Executive Director, one Non-executive Director and five Independent Directors. Johnny Thijs is Chairman of the Board.

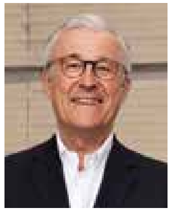


Johnny Thijs
Belgian
Independent Director

Born: 1952
Recticel mandates: Chairman Board of Directors, Chairman Remuneration & Nomination Committee, Member Audit Committee
Start of mandate: 2015
End of mandate: 2024
Education: Commercial Engineering at University of Limburg
Primary functions outside Recticel: Chairman Board of Directors of Electrabel, Hospital Logistics and Golazo, Member Board of Directors of Essers

Luc Missorten
Belgian
Independent Director

Born: 1955
Recticel mandates: Member Board of Directors and Remuneration & Nomination Committee, Chairman Audit Committee
Start of mandate: 2015
End of mandate: 2024
Education: Degree in Law at University of Leuven
Primary functions outside Recticel: Member Board of Directors and Chairman Audit Committee of GIMV, Managing Director of Lubis



Filip Balcaen
Belgian
Non-executive Director

Born: 1960
Recticel mandates: Member Board of Directors and Remuneration & Nomination Committee
Start of mandate: 2022
End of mandate: 2025
Education: TEW (Economics) - Antwerp
Primary functions outside Recticel: Executive Chairman of Baltisse, Chairman of House of Talents, Chairman of Polflam, Chairman of Baobab, Member Board of Directors of Pentahold

Ingrid Merckx
Belgian
Independent Director

Born: 1966
Recticel mandates: Member Board of Directors and Audit Committee
Start of mandate: 2012
End of mandate: 2025
Education: Master in Civil Engineering at University of Leuven
Primary functions outside Recticel: Independent Consultant for Imrada and Rodina

Elisa Vlerick
Belgian
Independent Director

Born: 1986
Recticel mandates: Member Board of Directors and Audit Committee
Start of mandate: 2019
End of mandate: 2025
Education: BA (Hons) History in UK, MA Law at University of Leuven, Master in BA in Switzerland, MA Corporate Law at University of Leuven
Primary functions outside Recticel: Partner of 9.5 Ventures VC fund, Member Board of Directors of Vlerick Group

Kurt Pierloot
Belgian
Independent Director

Born: 1972
Recticel mandates: Member Board of Directors and Remuneration & Nomination Committee
Start of mandate: 2015
End of mandate: 2024
Education: Commercial Engineer at Solvay Business School
Primary functions outside Recticel: CEO Bleckmann

4.3 Management Committee

The Board of Directors has entrusted the day-to-day management of Recticel to its Managing Director and Chief Executive Officer, who is assisted by the Management Committee.

Jan Vergote
Chief Executive Officer

Božo Černila
General Manager Insulated Panels

Betty Bogaert
Chief Information & Digitalisation Officer

Dirk Verbruggen
Chief Financial & Legal Officer

Rob Nijskens
Chief Human Resources Officer

5 Navigating the landscape of risk and opportunity

Risks and uncertainties are inherent in Recticel's business activities and strategy, as in any business. Through a structured approach to risk management, Recticel seeks to proactively identify and manage both risks and opportunities.

Recticel's Board of Directors, assisted in its work by the Audit Committee, holds the overall responsibility for adequate risk management. It pursues visibility over the aggregate exposure to Recticel's principal risks and considers these against the risk appetite.

When a risk is identified and considered significant and likely, a Management Committee Risk Owner will be appointed to oversee mitigation of the risk or enhancement of opportunity. Actions defined are formally followed up with the risk owner by the Audit Committee.

The risk management approach seeks to limit the exposure to risks, while allowing trade-offs in pursuit of the company's objectives in the shorter or longer term. The competitive environment in which Recticel operates requires us to accept risks, such as investment risks, whereas business results are delivered when seizing opportunities. However, for some risks Recticel demonstrates zero tolerance, such as Health & Safety and business conduct.

Recticel's risk management approach is sustained by a risk culture guiding decision-making in line with the Recticel values, objectives and risk appetite.

5.1 Risk identification & assessment

The Recticel risk assessment incorporates a group-wide top-down and bottom-up risk evaluation to determine the likelihood of occurrence and potential impact of risks on Recticel at inherent and residual level. Input is obtained from senior divisional and functional management through a series of workshops, one-to-one interviews and surveys supported by a consultant, which are consolidated to produce the Group Risk Register.

Furthermore, risks that affect Recticel's ability to achieve business objectives are typically identified at various points in the business cycle. During planning and review processes, divisional leadership assesses the marketplace and competitive environment, including megatrends, to identify risks and opportunities facing its business.

5.2 Charting the risk terrain: substantive risks

To facilitate a comprehensive understanding, risks are classified in more traditional categories relevant to Recticel's activities and operations: strategy & compliance, operations, support, and risks related to external factors.

Additionally, taking into account the upcoming Corporate Sustainability Responsibility Directive, replacing the Non-Financial Information Directive as of 2024, Recticel conducted a detailed assessment of the ESG risks and opportunities herewith incorporating the changing landscape. The outcome is described in Chapter 5.3, Charting the risk terrain: ESG risks and opportunities.

What follows is a non-exhaustive overview of material substantive risks identified. To effectively address each risk, we have developed a series of proactive risk responses. In assessing the risks, we consider financial impact and operational impact, the impact on reputation, market share and strategic direction as well as impact on health and the environment. In addition to magnitude, risks are evaluated as more or less relevant in view of the time horizon of their possible materialisation.

5.2.1 Strategy & compliance

Strategy & compliance is a multifaceted category that encompasses various elements critical to the success and sustainability of an organisation. It involves the identification, assessment and management of risks related to strategic decision-making, regulatory compliance, image and reputation, as well as governance and ethics.

PRICE COMPETITION

The risk of price competition poses a significant threat to Recticel's financial performance, particularly in terms of margin erosion and cash flow constraints. This risk is influenced by several factors, including market overcapacity, the differentiation between high-performance insulation solutions and commodity markets, the proportion of fixed production costs, market sharing in the competitive landscape, and the prevailing buyer's market conditions.

Risk responses

- Differentiation strategy: Focus on developing and promoting solutions that offer unique value propositions as well as innovative products that are appealing to customers.
- Cost optimisation: Conduct a thorough review of fixed and production costs to identify opportunities for optimisation and cost reduction and implement lean manufacturing practices and process improvements.
- Market segmentation and targeting while identifying markets with unique requirements and specialised applications.
- Strategic partnerships and alliances: Explore collaboration opportunities with suppliers, distributors and complementary businesses to leverage economies of scale, share resources and enhance competitiveness in the face of price competition.

SBTI COMMITMENT

The risk of the SBTi (Science Based Targets initiative) commitment poses challenges to Recticel's costs and product performance. It stems from the complexity of aligning business constraints and pressures with SBTi commitments for 2030 and 2050, reconsideration of business partners along the value chain, investments in carbon footprint reduction, lack of available technology for carbon footprint reduction, use of petrochemical materials in the production process, and eventually the risk related to ambitious targets without the certainty of delivery. This could lead to increased costs, further impacting product pricing and profitability, possible impacts on product performance and quality, and strategic misalignment.

Risk responses

- Strategic planning and alignment: Develop a roadmap for implementing SBTi targets that balances ambition with feasibility, considering the organisation's capacity for investment, technology adoption and operational changes.
- Investment prioritisation: Prioritise investments based on their potential impact on cost savings, product performance and alignment with SBTi commitments.
- Continuous improvement: Establish monitoring and evaluation mechanisms to track progress towards SBTi targets and identify areas for improvement or adjustment and foster a culture of innovation to drive ongoing sustainability initiative.
- Transparent communication: Communicate transparently with stakeholders, including customers, investors and regulatory authorities, about Recticel's SBTi commitments, progress and challenges.

REGULATORY MONITORING AND COMPLIANCE WITH INTERNAL AND EXTERNAL STANDARDS

The risk of regulatory monitoring and compliance encompasses the potential challenges Recticel faces in adhering to internal and external standards, including those related to quality, environment, health & safety and corporate sustainability.

The primary risk identified is the failure to anticipate or adapt to regulatory changes with a material impact on Recticel's strategic objectives. This risk is influenced by various factors, including underlying long-term risks associated with an increasingly regulated business environment and regulatory monitoring activities. This risk can lead to penalties, operational disruption, reputational risk and strategic misalignment or misallocation of resources.

Risk responses

- Enhanced regulatory monitoring: Establish a robust regulatory monitoring system to track legislative developments, policy changes and emerging regulatory trends relevant to Recticel's operations and industry.
- Stakeholder engagement: Participate in industry forums and working groups to contribute expertise and share best practices, hereby shaping regulatory frameworks conducive to Recticel's business objectives.
- Risk assessment and scenario planning: Conduct regular risk assessments and scenario analyses to evaluate the potential impact of regulatory changes on Recticel's operations, financial performance and strategic objectives.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

The risk of Recticel's sustainability and ESG (Environmental, Social, and Governance) performance poses significant challenges to Recticel's reputation, operational resilience and long-term viability. This risk emanates from compliance with sustainability directives, integration of sustainability into the corporate strategy, non-financial reporting obligations and internal awareness on sustainability challenges, amongst other factors.

Risk responses

- Integrated sustainability strategy: Embed sustainability principles into the company's overall strategy, culture and decision-making processes. Senior leadership commitment is key thereto.
- Compliance management: Stay abreast of existing and upcoming sustainability regulations, directives and reporting requirements and establish robust monitoring systems. Recticel also engages with various industry associations, regulatory bodies and stakeholders.
- Transparent reporting in conformity with reporting standard and ongoing exchanges with stakeholders on the quality and relevance of sustainability disclosures.

STRATEGIC INTEGRATION

The risk related to Recticel's capability to integrate newly acquired activities and leverage synergies poses challenges to the organisation's growth and performance. This risk is influenced by factors such as a slow integration process and insufficient incentives to promote integration. By failing to realise synergies, opportunities such as cost savings, operational efficiencies and revenue growth might be missed, thereby impacting overall financial performance. Additionally, resources may be diverted away from core business activities, hindering innovation, growth and strategic initiatives.

Risk responses

- Streamlined integration process: Develop a structured and efficient integration process that outlines clear objectives, timelines, responsibilities and milestones for integrating newly acquired activities.
- Investment portfolio optimisation including the review of past investment and divestment decisions to assess their impact on integration capabilities and synergies realisation.
- Cultural integration: Foster a culture of collaboration, trust and respect across divisions and business units to break down silos and promote seamless integration efforts and knowledge sharing.

5.2.2 Operations

Operational risk encompasses various facets of Recticel's day-to-day activities and processes, including commercial operations, supply chain management, production activities and innovation endeavours.

MARKET CONCENTRATION

The risk of market concentration poses a significant threat to Recticel's resilience, potentially exposing the company to vulnerability in specific geographical areas and market segments. This risk is linked to the proximity requirements between production sites and consumer markets, regulatory restrictions related to product certificates, M&A activities among clients and distributors, and over-reliance on specific clients or partnerships.

Risk responses

- Geographical and market diversification: Develop a strategy to expand Recticel's footprint into new geographic regions with growth potential, diversifying revenue streams and reducing reliance on specific markets.
- Customer relationship management: Cultivate long-term relationships with customers and seek opportunities to expand Recticel's customer base and penetrate new market segments.

SOURCING CONCENTRATION

Sourcing concentration on critical raw materials poses a significant risk to the operations of Recticel and its production capabilities. This risk stems from reliance on a limited number of suppliers for essential inputs, exposing the company to potential disruptions in the supply chain. It could lead to supply disruptions and exposes Recticel to price volatility. This risk emanates from suppliers' management, sourcing availabilities, a tight competitive landscape including vertical integration at competitors, and a complex qualification process for resources.

Risk responses

- Supplier relationship management: Strengthen relationships with existing suppliers through ongoing monitoring and strong collaboration in conformity to internal policies.
- Diversification of suppliers: Identify and qualify alternative suppliers for critical raw materials to reduce dependency on a limited number of sources and establish strategic partnerships.
- Inventory management: Maintain adequate inventory levels of critical raw materials to buffer against potential supply shortages or delays. Just-in-time inventory practices are sought to optimise inventory turnover while mitigating the risk of excess stockpiling.

5.2.3 Support

Support risk encompasses Recticel's support services facilitating its operations, maintaining compliance and ensuring efficiency. These functions include Information Technology (IT), Finance, Knowledge Management, Human Resources (HR) and Health, Safety & Environment (HSE), as well as Facilities and Equipment management.

CYBERSECURITY, CONFIDENTIALITY, INTEGRITY AND AVAILABILITY OF DATA AND INFRASTRUCTURE

The risk of ineffective confidentiality, integrity and availability (CIA) threat management poses a significant challenge to Recticel Group's cybersecurity posture. This risk is exacerbated by various factors such as cybercrime, lack of cybersecurity training, inadequate maintenance of IT systems, data leakage, resource constraints, human errors, lack of awareness and complex data storage systems.

Risk responses

- Comprehensive cybersecurity training: Provide comprehensive cybersecurity training programmes to employees across all divisions to raise awareness of cybersecurity risks, best practices and incident response protocols. Foster a culture of cybersecurity awareness and accountability, empowering employees to recognise and report suspicious activities and potential security threats promptly.
- Robust IT infrastructure maintenance: Implement robust maintenance procedures for hardware and IT systems, including regular patching, updates, anti-virus monitoring and vulnerability assessments, to mitigate the risk of cybersecurity incidents and ensure system resilience.
- Investment in cybersecurity resources: Allocate sufficient resources, including budget, personnel and technology investments, to strengthen Recticel's cybersecurity capabilities, including threat detection, incident response and recovery efforts.

MISCONDUCT

The risk of misconduct and fraud presents threats to Recticel's operations, integrity and reputation. This risk might stem from various factors such as inadequate controls, unethical behaviour, lack of oversight or systemic weaknesses in governance and compliance frameworks. It is considered as a support risk due to its direct link with financial operations and stability.

Risk responses

- Strengthen internal controls: Enhance internal controls and segregation of duties to mitigate the risk of fraudulent activities, including regular reviews, reconciliations and approvals of financial transactions and activities.
- Ethical leadership: Foster a culture of ethics, integrity and accountability from senior leadership down to all levels of the organisation, setting clear expectations, leading by example and reinforcing the importance of ethical behaviour.
- Proactive fraud detection and investigation including the establishment of protocols and procedures for reporting, investigating and remedying allegations of misconduct or fraudulent activities, ensuring confidentiality, fairness and due process for all parties involved.
- Employee training, awareness and appropriate response protocols, promoting a speak-up culture where employees feel empowered and encouraged to raise concerns, report suspicious activities and seek guidance on ethical dilemmas without fear of retaliation or reprisal.

5.2.4 Risk related to external factors

External factors represent a vast landscape of risks originating from outside Recticel and beyond its control. This category encompasses various elements, including geopolitics, market dynamics, economic cycles and trends, and weather events.

BUSINESS CYCLICITY

One of the foremost risks confronting Recticel is the inherently cyclical nature of the business environment. Fluctuations in economic conditions, driven by various macroeconomic events and circumstances, pose a significant challenge to the group's operations. These fluctuations can lead to increased costs and reduced margins, thereby impacting profitability and long-term sustainability. Business cyclicity can be attributed to a multitude of factors, including but not limited to changes in consumer spending habits, shifts in global market trends, fluctuations in interest rates, exchange rate volatility, inflation, geopolitical instability and economic uncertainty. Such macroeconomic events and circumstances are beyond Recticel's direct control but nonetheless have a profound impact on our business operations.

Risk responses

- Diversification of revenue streams: By diversifying our product offerings and expanding into new markets and industries, Recticel can mitigate the impact of economic downturns and enhance resilience in the face of economic volatility.
- Cost optimisation initiatives: Areas for cost reduction are identified and processes are streamlined in order to mitigate the impact of increased costs on profit margins.
- Continuous monitoring and scenario planning: Recticel anticipates potential risks and adapts its strategies as much as possible through regular monitoring of macroeconomic indicators and scenario planning.

  By staying informed about emerging trends and developments, operations are proactively adapted in order to mitigate the impact of adverse economic conditions.

MACROECONOMIC TRENDS

The risk identified is the potential for economic trends leading to an increase of all project and manufacturing costs and consequent underperformance of Recticel's financials and loss of market share. This risk is exacerbated by the cyclical nature of business, where fluctuations in macroeconomic trends can further intensify price pressures. Factors contributing to this risk include market overcapacity, inflation, economic uncertainty and monetary volatility.

Risk responses

- Capacity management: Monitor market demand closely and align production capacity accordingly to prevent overcapacity situations that could drive down prices.
- Product differentiation: Invest in product innovation and development to maintain a competitive edge.
- Cost optimisation: Conduct a comprehensive review of fixed and production costs to identify opportunities for optimisation and cost reduction and implement lean manufacturing practices.
- Strategic pricing: Adopt a strategic pricing strategy that considers both market dynamics and Recticel's cost structure to maintain profitability while remaining competitive.

MARKET DEMAND SHIFT

The risk of market demand shift pertains to Recticel facing changes in consumer preferences or market dynamics that could impact the demand for its products or services. Such shifts may arise from the introduction of new products and participation in innovation projects. These initiatives, while aimed at capturing market opportunities, may also carry inherent uncertainties regarding consumer adoption, market acceptance and competitive response.

Risk responses

- Market research and validation: Conduct thorough market research and validation studies to assess the potential demand for new products or innovations, including customer preferences, market trends, competitive landscape and regulatory considerations.
- Flexible production and supply chain agility: Maintain flexibility in production processes and supply chain operations to quickly respond to changes in market demand, scaling production up or down as needed to align with demand forecasts and inventory levels. Cross-functional collaboration ensures further supply chain visibility, resilience and responsiveness.

5.3 Charting the risk terrain: ESG risks and opportunities

The incorporation of Environmental, Social and Governance (ESG) risks and opportunities in our risk management approach is becoming increasingly imperative. By offering products that fulfil societal and ecological needs, we will benefit from better access to financing, improved customer satisfaction, loyalty and better employee relations.

ESG risks and opportunities do not only amplify the more traditional risks; they also overlap with more traditional risk categories. It is nevertheless part of Recticel's risk management approach to give distinct consideration to ESG risks because of their unique attributes and impacts on Recticel, as well as their potential for value creation for Recticel and its people.

5.3.1 Materiality assessment

Recticel adopts a systematic approach to identify and prioritise the most material issues. This process begins with education on ESG topics in relation to emerging trends, regulatory developments, industry best practices and stakeholders' expectations. In 2023 we conducted workshops to gather insights on ESG priorities, risks and opportunities and their materiality to Recticel. The assessment of materiality of ESG risks entails evaluating their relevance and criticality to Recticel, its environment, value chain, internal processes, etc.

Unlike traditional risks, ESG risks often operate on longer timeframes, extending beyond short-term financial cycles. Consequently, ESG topics are assessed with various temporal horizons, from the short term (less than 5 years) to medium term (expected impact between 5 and 10 years) and long term (up to 20 years).

In 2023, this exercise was conducted with sustainability champions, members of the Sustainability Task Force, the divisional leadership and the Management Committee to identify the most relevant topics. During 2024, we will extend it with a stakeholder engagement plan, refining the assessment through consultation with key external stakeholders to assess the most relevant ESG risks and opportunities.

5.3.2 Relevant ESG risks

Sustainability risks span diverse dimensions covering environmental, social, and governance domains, each with its own subsets. Recticel refers to the European Sustainability Reporting Standards (ESRS) when conducting its double materiality assessment. The preliminary outcome of this assessment resulted in the following relevant risk identification.

5.3.2.1 Environmental

CLIMATE CHANGE

The energy required to manufacture our insulation solutions is to a large extent provided by fossil fuel combustion in manufacturing and electricity use. The resulting GHG emissions may result in regulatory compliance costs or penalties and operating risks. The introduction of a carbon tax is to be anticipated. Its financial effects may vary depending on the magnitude of emissions and the prevailing emissions regulations. The industry is also subject to increasingly stringent regulations as countries try to limit or reduce emissions. Entities that cost-effectively manage GHG emissions through greater energy efficiency, the use of alternative fuels or manufacturing process advances may benefit from improved operating efficiency, reduced regulatory risk and financial benefits.

Most importantly, climate change and its transition impacts represent an opportunity for Recticel. As society becomes increasingly aware of the urgency of addressing climate change, there is a growing demand for sustainable solutions and environmentally-friendly products. As a smart insulation provider, Recticel enables reduction of the carbon footprint of buildings whilst saving energy. On the other hand, Recticel remains conscious of the need to balance the cost of opportunity with financial impact on the company.

RESOURCE USE AND CIRCULAR ECONOMY

The extraction and processing of raw materials have environmental footprints with potential habitat destruction and resource depletion. Increasing consumer and regulatory preference for less impactful products has spawned the development of more sustainable products. In addition, product lifecycle certification has arisen as a tool for entities and their customers to assess and improve a product's lifecycle impact. Certification programmes typically examine specific sustainability characteristics of a product category and include the use of closed-loop materials that minimise a product's end-of-life environmental impacts and reduce the need for extracting or producing virgin materials. Through product innovation and design that facilitates end-of-life product recovery and the use of less impactful materials, the adoption of product certification programmes and partnerships with customers, manufacturers of building products can improve lifecycle impacts, reduce regulatory risk, meet growing customer demand and realise cost savings.

Recticel is strongly guided by this topic in its innovation efforts as it represents an important business opportunity. Various initiatives intend to enhance opportunities to optimise resource utilisation, reduce waste and transition to a circular business model. These initiatives include investment in innovation, collaboration with academic institutes and industry workgroups, supply chain optimisation and collaboration.

5.3.2.2 Social

OWN WORKFORCE

Developing a broad base of valued, respected and supported employees throughout the organisation is essential for the long-term growth prospects of our company. Human capital is the primary source of revenue generation, contributing knowledge, talent, advice and various technical skills. Enhancing workforce diversity, particularly among management positions, may help entities attract and develop the best talent. Significant employee engagement, fair treatment and equitable levels of pay and advancement opportunities for all workers are likely to contribute to increased productivity and performance through all levels of the entity.

This topic is relevant to Recticel not only because of labour shortages, but also because a high quality and diverse workforce fuels innovation and company resilience. Therefore, we prioritise talent management through employee development and training programmes and stimulate cross-company and cross-functional employee mobility.

It goes without saying that Recticel Health and Safety programmes are robust and subject to continuous evaluation and improvement.

5.3.2.3 Governance

BUSINESS CONDUCT

Strong governance structures, ethical leadership and stakeholder engagement are key to managing ESG risks and opportunities effectively.

The costs associated with corruption can be substantial, including legal fees, fines and the potential for being barred from contracts or operating in certain markets. Being associated with corruption can also severely damage our reputation. Customers, suppliers and partners may lose trust in the company, leading to lost sales, cancelled contracts and difficulties in forming new partnerships.

In essence, business conduct is relevant to Recticel not only because it reflects its values and principles but also because it directly impacts stakeholders' trust and thus Recticel's position in a competitive business landscape.

In response thereto, Recticel undertakes various initiatives to foster a culture of ethics and integrity and manage risks associated with business conduct, such as policy development and training. These cover areas such as whistleblowing, competition and anti-corruption. The Board of Directors and the Management Committee provide oversight and accountability and ensure that policies are effectively enforced throughout the organisation. Regular monitoring and audits are conducted to evaluate compliance. Moreover, ethical conduct is integrated in employee performance evaluation.

6 Sustainability report

6.1 Environmental statement

As of FY2024, the European Sustainability Reporting Standards (ESRS) will require Recticel to disclose its environmental impact in a more comprehensive and transparent manner, giving stakeholders a better understanding of our efforts to promote sustainability.

The 'Environmental' section of the ESRS covers a range of topics, including:

- ESRS E1 – Climate Change
- ESRS E2 – Pollution
- ESRS E3 – Water and marine resources
- ESRS E4 – Biodiversity and ecosystems
- ESRS E5 – Resource use and circular economy

In this 2023 Annual Report, we continue to disclose information on the ESRS E1 (Climate Change), in line with the mandatory reporting structure and templates. The completion of our double materiality assessment in 2024 will identify and assess Recticel's sustainability related impacts, both positive and negative, which are key materials to report on in our 2024 Annual Report, beyond those already disclosed.

"Greenhouse gas emissions keep growing. Global temperatures keep rising. And our planet is fast approaching tipping points that will make climate chaos irreversible. We are on a highway to climate hell with our foot on the accelerator."

António Guterres, Secretary-General of the United Nations at the UN Climate Change Conference COP 27 (2023)

ESRS E1	TOPIC	DESCRIBE OR DISCLOSE THE UNDERTAKING'S	WHERE TO FIND RECTICEL INFORMATION
E1-1	Transition plan for climate change mitigation	Past, current and future mitigation efforts to ensure that its strategy and business model(s) are compatible with the transition to a limiting of global warming to 1.5°C in line with the Paris Agreement achieving climate neutrality by 2050.	6.1.1 Transition plan for climate change mitigation
E1-2	Policies related to climate change mitigation and adaptation	Policies that address the identification, assessment, management and/or remediation of its material climate change mitigation and adaptation impacts, risks and opportunities.	6.1.2 Policies related to climate change mitigation and adaptation
E1-3	Actions and resources in relation to climate change policies	Targets set to support its climate change mitigation and adaptation policies and address its material climate-related impacts, risks and opportunities.	6.1.3 Actions and resources in relation to climate change policies
E1-4	Targets related to climate change mitigation and adaptation	Key actions taken and planned to achieve climate-related policy objectives and target.	6.1.4 Targets related to climate change mitigation and adaptation
E1-5	Energy consumption and mix	Total energy consumption in absolute value; improvement in energy efficiency.	6.1.5 Energy consumption, mix and intensity
E1-5	Energy intensity	Exposure to coal, oil and gas-related activities, and the share of renewable energy in its overall energy mix.	
E1-6	Gross Scopes 1,2,3; Total GHG emissions; GHG intensity	Direct and indirect impacts of the undertaking on climate change and the proportion of its total GHG emission (per scope and combined).	6.1.6 Carbon footprint & GHG intensity – scope 1,2,3
E1-7	GHG removals and mitigation projects financed through carbon credits	(a) GHG removals and storage from its own operations and its upstream and downstream value chain and (b) the amount of GHG emission reductions or removals from climate change mitigation projects outside its value chain it has financed through any purchase of carbon credits.	Not initiated at this moment
E1-8	Internal carbon pricing	Internal carbon pricing schemes, and if so, how these support its decision making and incentivise the implementation of climate-related policies and targets.	Not initiated at this moment
E1-9	Potential financial effects from material physical and transition risks and potential climate-related opportunities	(a) The potential financial effects due to material physical and transition risks;	6.1.9 Potential financial effects from material physical and transition risks and potential climate-related opportunities
		(b) Financial benefits from material climate-related opportunities.	6.1.10 Other environmental data points

6.1.1 E1-1 Transition plan for climate change mitigation

Recticel has completed a major transformation process that began in 2010. In a first phase, the company focused intensively on restructuring and rationalising its manufacturing footprint. In recent years, it has strategically repositioned itself as an insulation company providing energy-efficient solutions that contribute to the mitigation of climate change. We have completed a number of divestments and acquisitions to further grow our insulation business through focused efforts supported by the Board of Directors and the shareholders.

As an insulation group, we remain steadfast in our dedication to meeting the evolving needs of our customers and to accelerating sustainable growth in the insulation industry, which is driven by the energy transition. Our transformation was built on a heritage of sustainable innovation that provides responsible answers to societal challenges, including the threat of climate action failure, depletion of natural resources, the urgency of the energy transition and growing noise pollution.

Recticel is now well positioned in product categories which participate in one of the most important megatrends – protecting the environment by reducing CO_2 emissions.

- Insulated Panels: Trimo, which we acquired in April 2022, provides mineral wool insulated panels and modular space solutions that enable the highest aesthetic standards and extend architectural capabilities, primarily in non-residential applications. With the acquisition of REX Panels & Profiles in January 2024, our portfolio now includes PIR insulated panels.
- Insulation Boards: Recticel Insulation designs polyurethane thermal and thermo-acoustic boards for optimal building comfort and energy efficiency. This activity also includes vacuum insulation panels (VIP) for buildings through our joint venture with Turvac.
- Acoustic Solutions: Soundcoat is the source of customised acoustic solutions for some of the world's leading technological innovations.

The value of our portfolio is also demonstrated through the EU Taxonomy declaration, which provides a clear framework and a common language for classifying economic activities that can be considered environmentally sustainable. As stated in Chapter 6.1.11, our insulation boards (thermal and thermo-acoustic), insulated panels and vacuum insulation panels for buildings meet the technical screening criteria for the environmental objective of Climate Change Mitigation, Category 3.5: Manufacture of energy efficiency equipment for buildings. No EU Taxonomy category of economic activity applies to our vacuum insulated panels for packaging or our acoustic solutions. As a result 88.9% of our sales are eligible and potentially aligned for EU Taxonomy. The mandatory disclosure regarding turnover, CapEx and OpEx can be found in Chapter 6.1.11.4, EU Taxonomy reporting table.

On 14 February 2024, the SBTi approved our near-term targets for reduction of scope 1, 2 and 3 emissions by 2030 (from a 2021 base year) and our long-term and net-zero targets for 2050.

By working towards these ambitious science-based targets and aligning our transition plans with SBTi's guidelines, we are reducing our carbon footprint, increasing energy efficiency, demonstrating leadership in the transition to a low-carbon economy and contributing to global efforts to combat climate change effectively.

1 Restructuring of the business activities & rationalising the manufacturing footprint **[2010-2018]**

2 Reshaping & inventing to boost the business **[2018-2022]**

3 Completing the transformation & portfolio expansion **[2023-2024]**

6.1.2 E1-2 Policies related to climate change mitigation and adaptation

Recticel continues to place innovation front and centre, in both its business strategy and its ESG approach. Our sustainability strategy has shaped our portfolio and innovation priorities as we respond to key societal challenges. With our 'Race to Net Zero Emissions' plan we address climate change mitigation within our operations, supply chain and business activities. The strategy is grounded in science-based evidence, industry best practices and our commitment to continuous improvement. Its key elements include:

- **Emissions Reduction Targets**
  We have set ambitious SBTi targets to reduce our greenhouse gas emissions across our operations, with a focus on achieving net-zero emissions by 2050, from a 2021 base year.

- **Energy Efficiency Initiatives**
  We are implementing energy efficiency measures to reduce energy consumption, improve operational efficiency and minimise our carbon footprint. Embracing energy-saving practices in our daily work routines is our top priority.

- **Renewable Energy Transition**
  We are transitioning to renewable energy sources such as solar power to electrify our operations and reduce our reliance on fossil fuels.

- **Supply Chain Collaboration**
  We are working collaboratively with our suppliers to address emissions throughout our supply chain, promote sustainability and drive positive environmental outcomes. We are embedding a sustainability score card in our procurement policy.

- **Innovation**
  We develop innovative solutions and technologies that support climate change mitigation efforts and circularity.

6.1.3 E1-3 Actions and resources in relation to climate change policies

Adhering to the Paris Agreement to pursue efforts to limit global warming to 1.5°C, we submitted two near-term targets and a long-term target for review by SBTi in October 2022. All targets have been assessed against the SBTi's quantitative and qualitative criteria, along with the Target Validation Protocol (version 5.1) and were approved on 14 February 2024.

The Science Based Targets initiative (SBTi) is a collaborative effort between CDP, the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). It provides companies with a framework to develop science-based targets (SBTs) for greenhouse gas emissions reduction consistent with the latest climate change scenarios and corresponding carbon budgets.

Our involvement with the SBTi underscores our dedication to environmental stewardship and corporate responsibility. By setting science-based targets, we are not only contributing to the global effort to combat climate change but also positioning ourselves for long-term success in a low-carbon economy.

Overall Net-Zero target
Recticel commits to reach net-zero greenhouse gas emissions across the value chain by 2050 from a 2021 base year.

Near-Term targets
Recticel commits to reduce absolute scope 1+2 GHG emissions 90% by 2030 from a 2021 base year.
Recticel also commits to reduce absolute scope 3 GHG emissions 25% within the same timeframe.

Long-Term targets
Recticel commits to maintain at least 90% absolute scope 1+2 GHG emissions reductions from 2030 through 2050 from a 2021 base year.
Recticel also commits to reduce absolute scope 3 GHG emissions 90% by 2050 from a 2021 base year.

Date of approval: 14 February 2024

Recticel chose operational control as the consolidation approach and all divisions have been accounted for in the inventory boundary. All targets have been assessed against the absolute contraction approach. The proposed reduction in scope 1+2 is aligned with a rate of decarbonisation consistent with the goal of keeping global temperature increase to 1.5°C compared to pre-industrial temperatures.

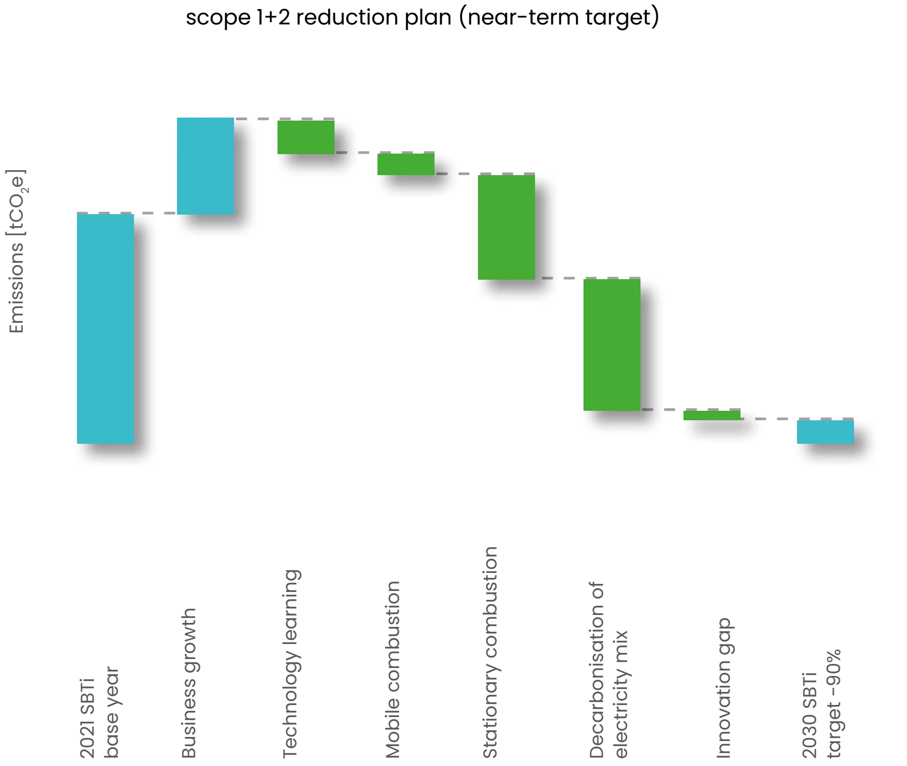
As part of our SBTi approval process, a detailed roadmap was developed to model the reductions for scope 1, 2 & 3. The roadmap was built from the bottom up at site level and includes intermediary modelling of estimated emissions on the road to target year 2030. The roadmap takes into account the foreseen growth of the company.

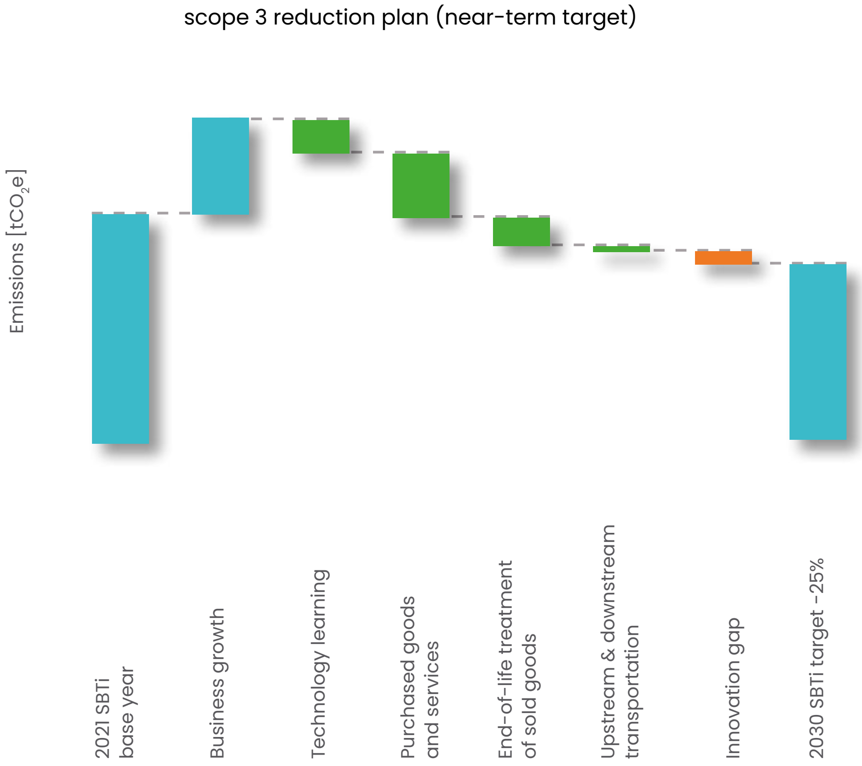
The key pillars of the roadmap are:

- Focusing on efficiency measures through continuous improvement
- Electrifying the production process
- Transitioning from fossil fuels to renewable energy
- Focusing on procurement of more sustainable materials
- Redesigning products so that the end-of-life (EOL) impact is reduced and recyclability is increased
- Fostering supplier engagement towards more carbon efficient materials and services

Recticel's R&D developments as well as all other CapEx expenses will be assessed in the context of the submitted SBTi objectives. These figures will be reported annually in the EU Taxonomy table.

6.1.4 E1-4 Targets related to climate change mitigation and adaptation





Due to a major methodology change resulting from obtaining more granular data from key suppliers (e.g. impacting scope 3, category 1 - Purchased goods & services), we restated the SBTi base year. This restatement is also due to the inclusion of Soundcoat in our scope 1, 2 & 3 calculations.

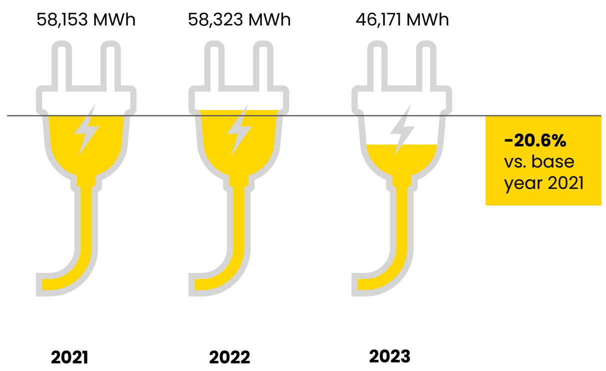
6.1.5 E1-5 Energy consumption and mix

6.1.5.1 Total energy consumption

Energy consumption (MWh)	2021 (RESTATED) SBTI REFERENCE	2022 (RESTATED)	2023	Δ % 2023-2022	Δ % 2023-2021
Total energy consumption scope 1 (energy) + scope 2	58,152.9	54,322.5	46,170.7	-15.0%	-20.6%

In 2023, Recticel implemented an energy reporting system, linked with sensors on all critical points of each production process, to frequently monitor energy consumption. During 2024, an advanced energy management system will be implemented in the Insulation Boards and Insulated Panels divisions which monitors, controls and optimises the energy usage on all production lines.

Energy consumption



6.1.5.2 Energy consumption from non-renewable sources

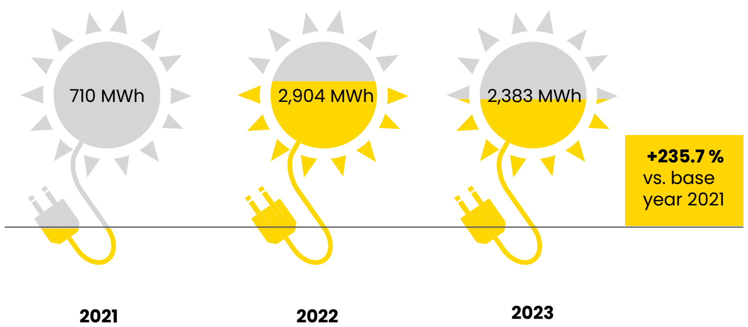
We consider non-renewable electricity as all electricity for which no electricity attribute certificates (e.g. guarantees of origin) for renewable electricity are purchased. See Chapter 6.1.5.4 for the related consumption per year.

6.1.5.3 Energy consumption from renewable sources

Renewable electricity is purchased electricity combined with electricity attribute certificates, or self-produced renewable electricity (e.g. with photovoltaic panels). Renewable electricity does not count for any emissions in scope 1 and 2 in the market-based method. When relevant, we account for scope 3 emissions related to the production, transport and grid losses of such renewable electricity.

Renewable Energy (MWh)	2021 (RESTATED) SBTI REFERENCE	2022 (RESTATED)	2023	Δ % 2023-2022	Δ % 2023-2021
Consumption of photovoltaic energy	710.0	2,903.9	2,383.3	-17.9%	+235.7%
Photovoltaic energy production on-site	760.0	4,287.0	3,848.4	-10.2%	+406.4%
Consumption of purchased or acquired electricity from renewable sources	0.0	0.0	0.0		

Photovoltaic energy consumption



6.1.5.4 Energy mix and consumption

Energy mix (MWh)	2021 (RESTATED) SBTI BASE YEAR		2022 (RESTATED)		2023		Δ % 2023-2022	Δ % 2023-2021
(1) Fuel consumption from coal and coal products	0.0	0.0%	0.0	0.0%	0.0	0.0%		
(2) Fuel consumption from crude oil and petroleum products	0.0	0.0%	0.0	0.0%	0.0	0.0%		
(3a) Fuel consumption from natural gas	16.448.4	28.3%	14,193.4	26.1%	11,194.0	24.2%	-21.1%	-31.9%
(3b) Fuel consumption from LPG	7.239.1	12.4%	6,464.8	11.9%	5,152.9	11.2%	-20.3%	-28.8%
(4) Fuel consumption from other fossil fuels	3.276.9	5.6%	4,433.0	8.2%	4,894.8	10.6%	+10.4%	+49.4%
(5a) Consumption of purchased heat (market-based)	1,123.0	1.9%	975.0	1.8%	1,104.8	2.4%	+13.3%	-1.6%
(5b) Consumption of non-renewable electricity (market-based)	29,355.4	50.5%	25,352.4	46.7%	21,440.9	46.4%	-15.4%	-27.0%
(6) Total fossil fuel/grey energy consumption	**57,442.8**		**51,418.6**		**43,787.4**			
Share of fossil fuel/grey sources in total energy consumption	**98.8%**		**94.7%**		**0.9**			
(7) Fuel consumption from renewable sources, including biomass	0.0	0.0%	0.0	0.0%	0.0	0.0%		
(8) Consumption of purchased or acquired electricity from renewable sources (market-based)	0.0	0.0%	0.0	0.0%	0.0	0.0%		
(9) Consumption of purchased heat from renewable sources (market-based)	0.0	0.0%	0.0	0.0%	0.0	0.0%		
(10) Consumption of self-generated non-fuel renewable energy	710.0	1.2%	2,903.9	5.3%	2,383.3	5.2%	-17.9%	+335.7%
(11) Total renewable energy consumption	**710.0**		**2,903.9**		**2,383.3**			
Share of renewable sources in total energy consumption	**1.2%**		**5.3%**		**5.2%**			
Total energy consumption	**58,152.8**	**100.0%**	**54,322.5**	**100.0%**	**46,170.7**	**100%**		
			2022-2021: -6.6%		**2023-2022: -15.0%**			

Energy mix (tCO_2e)	2021 (RESTATED) SBTI BASE YEAR		2022 (RESTATED)		2023		Δ % 2023-2022	Δ % 2023-2021
(1) Fuel consumption from coal and coal products	0.0	0.0%	0.0	0.0%	0.0	0.0%		
(2) Fuel consumption from crude oil and petroleum products	0.0	0.0%	0.0	0.0%	0.0	0.0%		
(3a) Fuel consumption from natural gas	3,043.0	28.4%	2,625.8	27.2%	2.070,9	25.9%	-21.1%	-31.9%
(3b) Fuel consumption from LPG	1,636.3	15.3%	1,451.7	15.1%	1.145,2	14.3%	-21.1%	-30.0%
(4) Fuel consumption from other fossil fuels	931.5	8.7%	1,075.5	11.2%	1.212,6	15.2%	+12.7%	+30.2%
(5a) Consumption of purchased heat (market-based)	89.7	0.8%	76.5	0.8%	99,6	1.2%	+30.2%	+11.0%
(5b) Consumption of non-renewable electricity (market-based)	5,025.6	46.9%	4,406.6	45.7%	3.475,2	43.4%	-21.1%	-30.9%
(6) Total fossil fuel/grey energy consumption	**10,726.1**		**9,636.1**		**8,003.5**			
			2022-2021: -10.2%		**2023-2022: -16.9%**			

Conversion factor

TYPE OF ENERGY	EMISSION FACTOR SCOPE 1&2	EMISSION FACTOR UNIT	SOURCE
Natural gas in kWh (HVV)	0.185	$kgCO_2e/kWh$	ADEME 2022; Bilan Carbone V8.8
LPG in Sm³	6.36323	$kgCO_2e/Sm^3$	Specific conversion factor
LPG in kWh	0.233	$kgCO_2e/kWh$	ADEME 2022; GPL for vehicles
Propane in kg	3.02	$kgCO_2e/kg$	ADEME 2022; Bilan Carbone V8.8
Propane in liters	1.55	kWh/liter	ADEME 2022; FE energy
Domestic fuel in liters	2.62	kWh/liter	ADEME 2022; Bilan Carbone V8.8, FE energy

6.1.5.5 Energy intensity

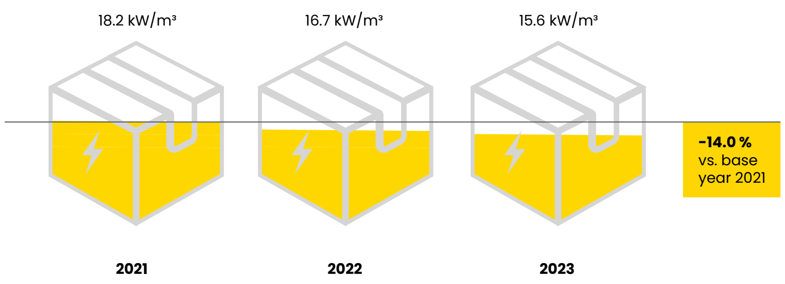
Energy intensity is measured by the quantity of energy consumed per unit output or activity, so that using less energy to produce an equal amount of products reduces the intensity. We report the energy intensity indicator based on net sales as well as on realised. The energy intensity based on sales volume eliminates any price-induced volatility in the indicator, irrelevant to the climate change contribution. SBTi considers this approach the most climate robust.

Energy intensity 1, per sales volume [MWh/1000m³]	2021 SBTI BASE YEAR	2022	2023	Δ % 2023-2022	Δ % 2023-2021
Total energy consumption from activities in high climate impact sectors per sales volume from activities in high climate impact sectors*	18.2	16.7	15.6	-6.4%	-14.0%

Energy intensity 2, per net sales [MWh/1,000 EUR]	2022 (RESTATED)	2023	Δ % 2023-2022
Total energy consumption from activities in high climate impact sectors per sales volume from activities in high climate impact sectors*	0.09	0.09	-5.6%

	2022 (K EUR) RESTATED	2023 (K EUR)
Net sales from activities in high climate impact sectors used to calculate energy intensity*	587,834	529,426
Net sales (other)	0	0
Total net sales (Financial Report)	587,834	529,426

Energy intensity per sales volume



6.1.6 E1-6 Carbon footprint and GHG intensity – scope 1, 2 & 3

The carbon footprint of an activity or organisation is the total amount of greenhouse gases it emits over time, measured in metric tonnes of carbon dioxide equivalent (tCO_2e). It is calculated by multiplying activity data by their relevant emission factor (formula: activity data x emission factor).

All our emissions are calculated according to the Greenhouse Gas Protocol methodology for the full scope of our insulation activities for the years 2021, 2022 and 2023.

The GHG Protocol sets the world's most widely used standards for companies and organisations to measure and manage their emissions. Direct emissions (scope 1) are those originating from sources owned or controlled by the reporting entity. Indirect emissions (scope 2 & 3) are generated as a result of the reporting entity's activities but occur at sources owned or controlled by another entity.

6.1.6.1 Measuring our carbon footprint

Methodology

- Greenhouse Gas Protocol
- Sources of emission factors: internationally recognised emission factor databases (ecoinvent, Bilan Carbone, ADEME, IEA, BEIS, Higg, DEFRA), EPD from suppliers, sector and product specific LCA reports and national electricity emission factors from IEA reports.

Scope

- Technical: All greenhouse gases, such as carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), refrigerants (HFC, PFC and CFC) are converted into CO_2 equivalents using Intergovernmental Panel on Climate Change (IPCC) 100-year global warming potential (GWP) coefficients.
- Geographical: All Recticel Group manufacturing sites during 2023, all offices, warehouses and the Recticel headquarters in Brussels (Belgium).
- Trimo (acquired April 2022) and Turvac (74% joint venture) are both considered at 100% for the years 2021 and 2022. FY2021 is considered the baseline for our SBTi commitments.

Reference Year

- For targets and performance evaluation, Recticel uses 2021 as the base year.

Emissions calculations

- CO_2e emissions are calculated annually by the external party CO2logic/South Pole (www.co2logic.com/www.southpole.com). Data sets are being collected by the divisional data owners. Recticel is in the process of digitalising the required ESG data sets.

Limited assurance

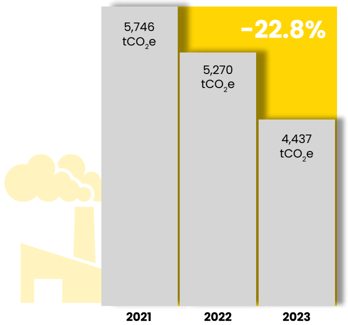
- Recticel's scope 1, scope 2 and scope 3 carbon footprints are subject to limited assurance by PwC. See Chapter 8.1 for their assurance report.

scope	SOURCE OF EMISSIONS 2023		DATA TREATMENT & ASSUMPTIONS	EMISSION FACTORS
1 & 2	Infrastructure fuels		No further data treatment needed.	Direct emission factors for fuels used.
	Infrastructure electricity		No further data treatment needed.	IEA emission factors used for on country level except for USA where regional EFs were used (eGrid).
	Company vehicles		Few data processing required.	Average emission factors per unit of fuel consumed used. When data delivered in km, average EU cars' emission factors were used.
	Refrigerants		If available, direct losses data was used which was available from maintenance reports. If not available, an assumption of 10% losses was assumed as prescribed by the Bilan Carbone® methodology.	Generally accepted GWP100 (global warming potential over 100 yrs) of refrigerants were used.
3	Purchased goods & services	Cat. 1	Generally data was treated using the following approach: 1) When mass data available, mass based emission factors were used. 2) For the remaining data, spend based data were used to account for the emissions.	If supplier-specific data were available, these were used (e.g. EPDs from steel sheet, mineral wool, MDI, polyol suppliers). If not available, average mass based emission factors were used. If mass data were not available, spend based emission factors were used. Database: Majority of emission factors from EcoInvent v3.10, Base Carbone, specific scientific publications and supplier based emission factors.
	Capital Goods	Cat. 2	No data treatment required.	High level spend categories were available that allowed spend-based screening of emissions. Database: Bilan Carbone V8.8
	Fuel and energy related activities (not included in scope 1 and scope 2)	Cat. 3	See treatment and assumptions scope 1+2: each data point has a scope 1+2 and a scope 3 emission factor assigned to it.	See scope 1+2
	Upstream & dowstream transportation of goods	Cat. 4 Cat. 9	Generally two ways of data treatment for both incoming & outgoing transport: 1) Dedicated transport (= full truckload): Total distances of (assumed) full trucks were calculated by CO2logic using an automised tool. Data gaps were extrapolated (average distance assumed). 2) Shared transport (for truck and other transport modes): Distances were calculated using the same tool and gaps were extrapolated similarly. This allowed for calculating data in tonne.km. When data was available in m³, these were converted based on average kg/m³ data per site. Specific assumptions for Soundcoat can be found in data files.	Emission factors applied per km (dedicated transport) or tonne per km (shared freight) Database: Bilan Carbone v8.8 and ecoInvent v3.10
	Waste generated in operations	Cat. 5	Waste data was directly available in mass units and was mapped according to different emission factor categories.	Database: DEFRA
	Business travel (air, ground, accomodation)	Cat. 6	CO_2e reports from travel agencies were directly used when available; distances were calculated using a flight calculator tool when departure & arrival location were available. When no distance data was available, spend based emission factors were used.	Database: Bilan Carbone v8.8 and DEFRA
	Employee commuting	Cat. 7	Total distances per transport mode were calculated. For some sites, assumptions had to be made on average distance & average transport mode.	Database: Bilan Carbone v8.8
	Upstream & downstream leased assets	Cat. 8 Cat. 13	Office data could be directly used to assess the footprint. For warehouses an average energy consumption/m² was applied.	Database: Bilan Carbone v8.8
	Processing of sold products	Cat. 10	not applicable	
	Use of sold products	Cat. 11	not applicable	
	End of life treatment of sold products	Cat. 12	For each activity specific EPDs or industry average EPDs were applied. When required data in m³ was converted to kg. For Soundcoat assumptions were made on waste treatment per reported product type.	Database: EPDs and DEFRA
	Franchises	Cat. 14	not applicable	
	Investments	Cat. 15	Turnover data was used to which Recticel Group's shares % was applied.	Spend based emission factors were used based on the company's sector.

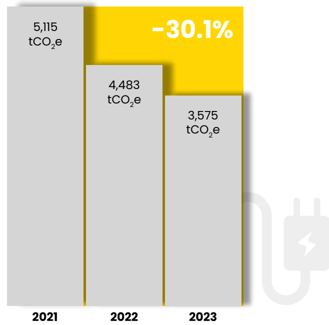
6.1.6.2 GHG emissions – scope 1, 2 & 3

Recticel Group GHG emissions

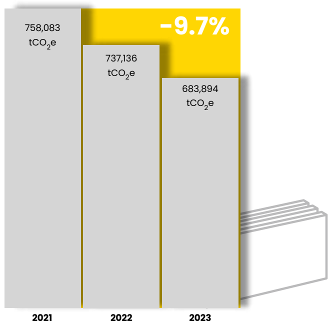
scope 1 GHG emissions



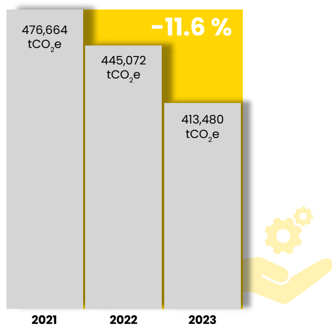
scope 2 GHG emissions (market based)



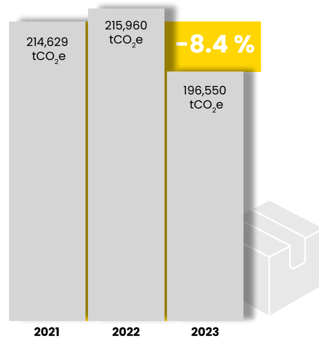
scope 3 GHG emissions[1]



3.1 purchased goods & services



3.12 end-of-life treatment of sold products

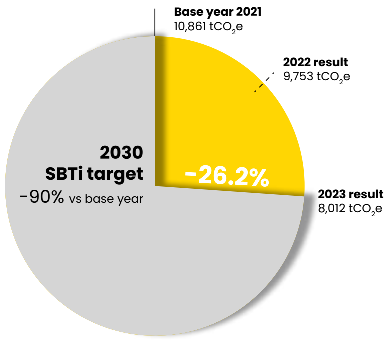


[1] *incl. Cat. 3.15, Investments*

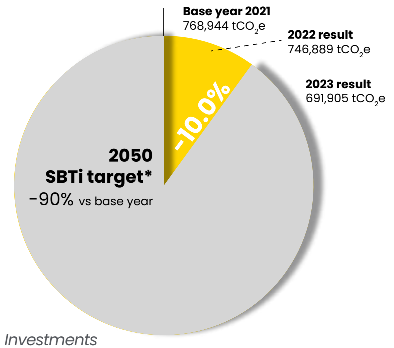
GHG Indicators (tCO_2e)		RETROSPECTIVE				MILESTONES AND TARGET YEARS		
		BASE YEAR	COMPARATIVE	N	%N/N-1			%N/BASE YEAR
		2021 (RESTATED) SBTI BASE YEAR	2022 (RESTATED)	2023	Δ % 2023-2022	TARGET 2030	TARGET 2050	Δ % 2023-2021
scope 1+2		10,861	9,753	8,012	-17.9%	1,086	1.086	-26.2%
scope 1+2+3 (excluding investments)		747,862	727,567	673,575	-7.4%			-9.9%
scope 1+2+3 (including investments)		768,944	746,889	691,905	-7.4%	569,648	76.894	-10.0%
scope 1 GHG emissions		**5,746**	**5,270**	**4,437**	**-15.8%**			**-22.8%**
Company vehicles		825	948	1,042	+9.8%			+26.3%
Energy (Natural gas, LPG, other fossil fuels) (see 6.1.5.4)		4,786	4,205	3,387	-19.4%			-29.2%
Refrigerant losses		135	117	8	-92.9%			-93.9%
Percentage of scope 1 GHG emissions from regulated emission trading schemes (%)		0%	0%	0%				
scope 2 GHG emissions		**5,115**	**4,483**	**3,575**	**-20.3%**			**-30.1%**
Gross location-based scope 2 GHG emissions		5,179	4,962	3,913	-21.1%			-24.4%
Gross market-based scope 2 GHG emissions		5,115	4,483	3,575	-20.3%			-30.1%
variance (= impact of renewable energy)		64	479	338	-29.4%			+430.4%
scope 3 GHG emissions - excluding investments		**737,001**	**717,813**	**665,563**	**-7.3%**			**-9.7%**
3.1 Purchased goods and services	upstream	467,664	445,072	413,480	-7.1%			-11.6%
3.2 Capital goods	upstream	1,168	1,571	1,833	+16.6%			+57.0%
3.3 Fuel and energy related activities (not included in scope 1 and 2)	upstream	2,408	2,457	1,780	-27.6%			-26.1%
3.4Upstream transportation and distribution	upstream	42,242	44,463	41,881	-5.8%			-0.9%
3.5 Waste generated in operations	upstream	1,255	1,210	781	-35.5%			-37.8%
3.6 Business travel (air, ground, accommodation)	upstream	53	248	215	-13.2%			+308.3%
3.7 Employee commuting	upstream	1.289	1,336	1,279	-4.3%			-0.8%
3.8 Upstream leased assets	upstream	65	203	474	+133.5%			+632.6%
3.9 Downstream transportation and distribution	downstream	6,230	4,990	7,289	+46.1%			+17.0%
3.10 Processing of sold products	downstream		not applicable					
3.11 Use of sold products	downstream		not applicable					
3.12 End-of-Life treatment of sold products	downstream	214,629	215,960	196,550	-9.0%			-8.4%
3.13 Downstream leased assets	downstream	0	303	0	-100.0%			
3.14 Franchises	downstream		not applicable					
scope 3 GHG emissions - including investments		**758,083**	**737.136**	**683,894**	**-7.2%**	**568,562**	**75,808**	**-9.8%**
3.15 Investments	downstream	21,082	19,322	18,331	-5.1%			-13.0%

Due to a major methodology change resulting from obtaining more granular data from key suppliers (e.g. impacting scope 3, Cat. 3.1, Purchased goods and services), we restated the previous years, including the SBTi base year. This restatement is also due to the inclusion of Soundcoat in our scope 1, 2 & 3 calculations.

scope 1+2 GHG emissions



scope 1+2+3 GHG emissions[2]



[2] *incl. Cat 3.15, Investments*

6.1.6.3 GHG emissions intensity

Carbon intensity 1, per sales volume	2021 (RESTATED)	2022 (RESTATED)	2023	Δ % 2023-2022	Δ % 2023-2021
Carbon intensity 1 - scope 1+2 [tCO_2e/1,000m³]	3.4	3.0	2.7	-9.5%	-20.1%
Carbon intensity 1 - scope 1+2+3[3] [tCO_2e/1,000m³)	234.0	223.8	228.2	+2.0%	-2.5%

[3] *excl. Cat 3.15, Investments*

Carbon intensity 2, per net revenue	2022 (RESTATED)	2023	Δ % 2023-2022
Carbon intensity 2 - scope 1+2 [tCO_2e/1,000 EUR]	16.6	15.1	-8.8%
Carbon intensity 2 - scope 1+2+3[4] [tCO_2e/1,000 EUR]	1,237.7	1,272.3	+2.8%

[4] *excl. Cat 3.15, Investments*

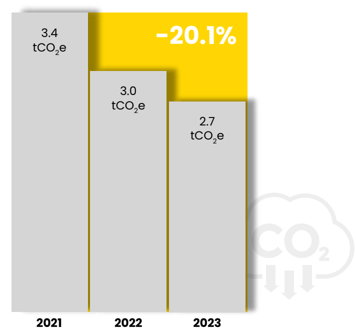
	2022 (K EUR) RESTATED	2023 (K EUR)
Net revenue from activities in high climate impact sectors used to calculate energy intensity[5]	587,834	529,426
Net revenue (other)	0	0
Total net revenue (Financial Report)	587,834	529,426

[5] *EU Regulation 2019/2089, also known as the EU Low Carbon Benchmarks Regulation (EU BMR), defines high climate impact sectors as those that are key to the low-carbon transition. The EU BMR defined 9 (of a total of 21) NACE sections, amongst them manufacturing and construction.*

Emission intensity or carbon intensity is the emission of pollutants relative to the intensity of the production process (scope 1+2) or the entire value chain (scope 1+2+3).

We report the carbon intensity indicator based on realised sales as well as on sales volume. The latter eliminates any price-induced volatility in the indicator, irrelevant to the climate change contribution. SBTi considers this approach the most climate robust. The reduction of 20% CO_2e per m³ of insulation product compared to 2021 is the result of an efficiency programme to manufacture in more cost- and energy-efficient ways, rather than compensating for scope 2 emissions through the acquisition of green energy or by purchasing green certificates.

carbon intensity per sales volume
scope 1+2



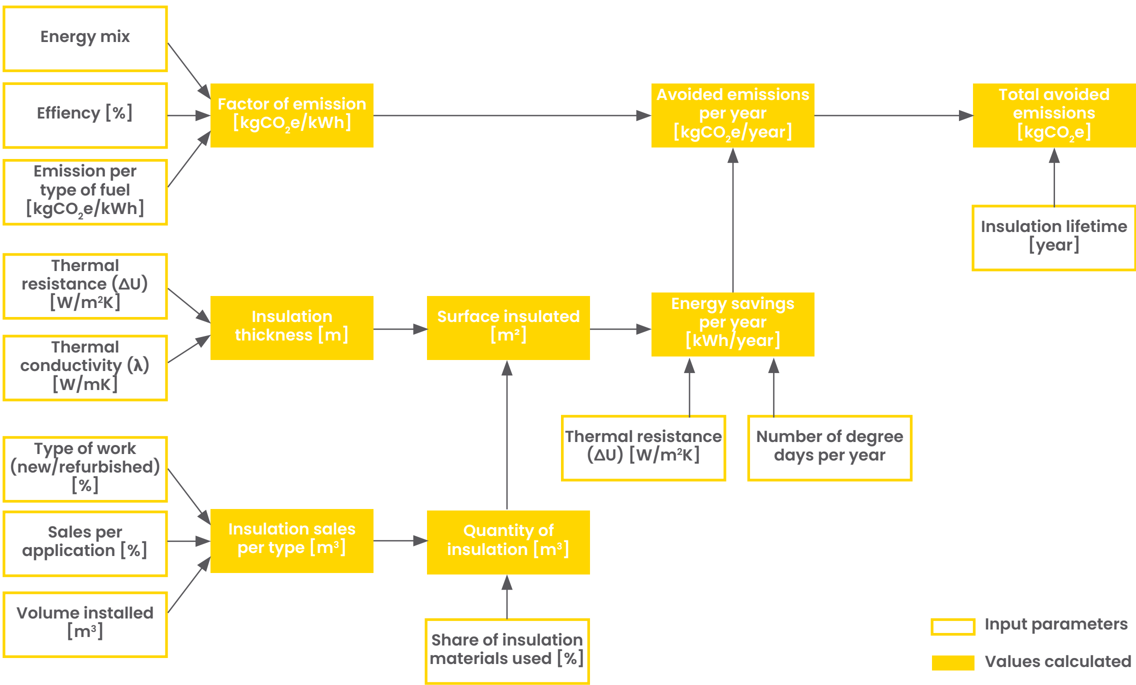
6.1.6.4 Avoided emissions

Avoided emissions are emission reductions that occur outside of a product's life cycle or value chain, but as a result of the use of that product. There is no international standard or consistent terminology to describe avoided emissions.

To estimate and report the comparative emission impacts of products, the World Resources Institute (WRI) issued a comprehensive working paper and neutral framework in 2019, which can be found on the GHG Protocol website.[6]

Recticel followed the recommendation in the WRI report and calculated its avoided emissions through the Attributional Life Cycle Assessment (LCA) approach. This is a widely used method for assessing the environmental impacts of a product or service throughout its entire life cycle, from extraction of raw materials to end-of life disposal.

To calculate the avoided emissions for all our products sold in 2022, we used the framework below and requested our consultant South Pole to validate the approach and perform the calculations.



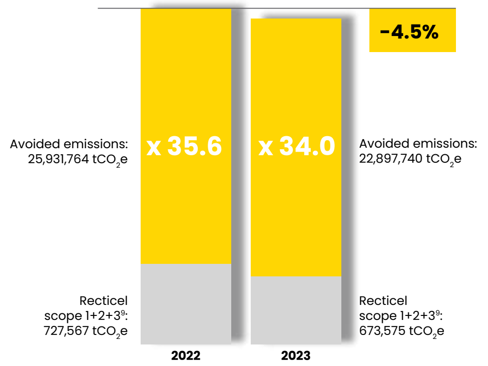
To allow a correct comparison with other companies reporting avoided emissions, it is essential to note that the **full scope of our insulation activities** has been considered as well as the **totality of GHG emissions** (scope 1+2+3) as recommended by the WRI, and **not** only the emissions related to our own operations.

	2022 (RESTATED)	2023	Δ % 2023-2022
Estimated avoided emissions from all Recticel Group building insulation products over their lifetime (tCO_2e)	25,931,764	22,897,740	-11.7%
Recticel Group carbon footprint (scope 1+2+3[7]) (tCO_2e)	727,567	673,575	-7.4%
Multiple	35.6	34.0	-4.5%

[7] *excl. Cat. 3.15, Investments*

[6] *https://ghgprotocol.org/sites/default/files/standards/18_WP_Comparative-Emissions_final.pdf*

avoided emissions[8]



[8] *estimated from all our building insulation products over their lifetime*
[9] *excl. Cat. 3.15, Investments*

avoided emissions

34

times

Over the lifetime of the use of the building insulation products sold in 2023, more than 22 million tons of CO_2e emissions will be avoided.

6.1.7 E1-7 GHG removals and mitigation projects financed through carbon credits

GHG removals and mitigation projects financed through carbon credits are initiatives aimed at removing greenhouse gas emissions from the atmosphere or reducing or preventing their release into the atmosphere.

Such projects generate carbon credits, also known as emission reduction units (ERUs) or certified emission reductions (CERs), which represent the quantified emission reductions or removals achieved.

Examples include:

- **Afforestation and reforestation**
  Projects that involve planting trees (afforestation) or re-establishing forests on lands that were previously deforested or degraded (reforestation). Trees absorb CO_2 from the atmosphere as they grow, thereby sequestering carbon and mitigating climate change.
- **Renewable energy**
  Projects that involve the development and deployment of renewable energy sources such as wind, solar, hydroelectric and biomass energy. By replacing fossil fuel based energy generation, these projects reduce emissions of CO_2 and other greenhouse gases.
- **Methane capture and utilisation**
  Projects that capture methane emissions from sources such as landfills, wastewater treatment plants and livestock operations. Methane, a potent greenhouse gas, can be captured and either used as a renewable energy source or destroyed through controlled combustion, thereby preventing its release into the atmosphere.
- **Carbon capture and storage (CCS)**
  Projects that capture CO_2 emissions from industrial processes or power plants and permanently store them underground or utilise them for enhanced oil recovery. CCS technologies aim to prevent CO_2 from entering the atmosphere, thus mitigating climate change.

During 2023, Recticel Group did not invest in GHG removal and mitigation projects.

6.1.8 E1-8 Internal carbon pricing

Internal carbon pricing serves as a mechanism for integrating environmental considerations into business decisions, promoting emissions reductions and advancing sustainability goals within organisations. During 2023, Recticel did not determine an appropriate carbon price based on factors such as the social cost of carbon, regulatory requirements and its own sustainability targets.

6.1.9 E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Detailed information on relevant physical and transition climate-related risks and opportunities can be found in Chapter 5.

A phasing in is foreseen allowing companies to disclose on the required topics as of the 2025 Annual Report.

6.1.10 Other environmental data points

The information below on water consumption and waste management does not form part of ESRS E1 – Climate Change.

6.1.10.1 Water consumption

As we do not use water in our manufacturing processes, our consumption of water is mainly for eating, drinking, showering and toilet flushing.

Water consumption [m³]	2021 (RESTATED)	2022 (RESTATED)	2023	Δ % 2023-2022	Δ % 2023-2021
Municipal water	16,347	13,642	13,187	-3.3%	-19.3%
Groundwater	1,249	2,596	937	-63.9%	-25.0%

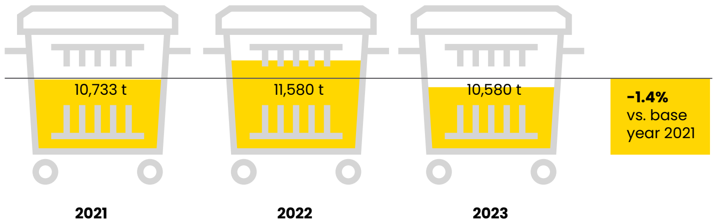
The data exclude the water consumption of our subsidiary Soundcoat as an investigation is ongoing into erroneous reading of the municipal water metering system.

In 2022, a leak was detected in our Trimo facility in Serbia (Šimanovci) which caused the high consumption of groundwater in that year.

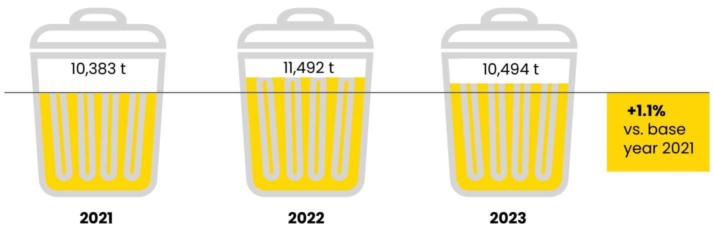
6.1.10.2 Waste management

Waste management [t]	2021 (RESTATED)	2022 (RESTATED)	2023	Δ % 2023-2022	Δ % 2023-2021
Total waste	10,733	11,580	10,580	-8.6%	-1.4%
Hazardous waste	351	88	85	-2.9%	-75.6%
Non-hazardous waste	10,382	11,492	10,494	-8.7%	+1.1%

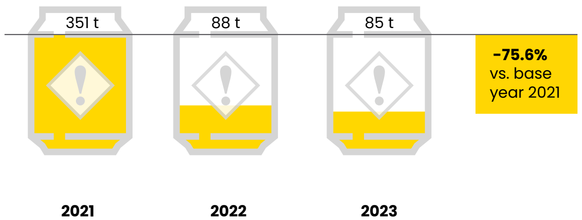
total waste



non-hazardous waste



hazardous waste



6.1.11 EU Taxonomy

In July 2021, the European Climate Law entered into force, writing the goals of the European Green Deal into legislation. The law set a legally binding target of net zero greenhouse gas emissions by 2050 for member states, with an intermediary target of reducing net emissions by at least 55% by 2030 compared to 1990 levels.

The European Commission has long recognised the essential role of sustainable finance in meeting its policy objectives. The EU Action Plan on Financing Sustainable Growth (which was published in 2018) led to the creation of the EU Taxonomy,[10] a classification system for sustainable economic activities that can be used by companies, investors and policymakers to help shift financing towards environmentally sustainable undertakings through the provision of clear metrics. The EU Taxonomy has been a requirement since July 2021 and its application in tandem with the CSRD will provide a more comprehensive and rigorous foundation for the achievement of the European Green Deal objectives.

We performed a review of our relevant management practices to assess whether the requirements for EU Taxonomy alignment were met for the fiscal year 2023.

The information below provides a breakdown of our eligible and aligned economic activities in 2023 that make a substantial contribution to climate change mitigation.

Our climate disclosure statement in accordance with the guidelines set forth by the European Securities and Markets Authority (ESMA) can be found in Chapter 7.2.1.5, Climate change (page 177).

6.1.11.1 Analysis of eligibility and technical screening criteria

In June 2023, the Commission adopted a Taxonomy Environmental Delegated Act, including a new set of EU Taxonomy criteria for economic activities making a substantial contribution to one or more of the environmental objectives. Besides the technical screening criteria for climate change mitigation and climate change adaptation, additional criteria were introduced for:

- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Recticel Group performed a screening of its economic activities against the six environmental objectives. The assessment was extended to include the business activities of our Acoustic Solutions division.

Eligible activities within the climate change mitigation objective

The following economic activities of the Recticel Group are eligible for making a substantial contribution to climate change mitigation:

- Our thermal insulation boards (Recticel Insulation) consist of high-performance Polyisocyanurate (PIR) foam laminated between two facing materials. They provide highly effective insulation in all areas of the building envelope, including flat, tapered and pitched roofs, cavity walls, floors, internal linings and external wall insulation systems.
- Our metal faced mineral wool insulated panels (Trimo) are highly energy efficient. These single, factory engineered components are typically fixed directly to the structural frame of buildings to provide both insulation and weather protection. There is no cavity in this type of cladding construction.
- Our vacuum insulated panels for buildings (Turvac), featuring ultra-low thermal conductivity and high thermal resistance, offer superior insulation performance compared to traditional insulation materials.
- Our thermo-acoustic insulation boards (Recticel Insulation) are designed for partition wall applications, representing an impactful sound reduction in rooms whilst offering good thermal performance. They are made from recycled PU foams from end-of-life mattresses, reducing waste and environmental impact.
- Our vacuum insulated panels for packaging activities (Turvac) offer exceptionally high efficiency and space-saving characteristics.

The economic activities of Soundcoat in our Acoustic Solutions division are not eligible for any of the six EU Taxonomy criteria.

[10] *Regulation (EU) 2020/852 (the 'Taxonomy Regulation') was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020.*

Eligible activities meeting the technical screening criteria

The table below outlines the EU Taxonomy eligible activities meeting the technical screening criteria for climate change mitigation. The vacuum insulated panels for packaging do not meet any of the technical screening criteria.

Environmental Objective	ECONOMIC ACTIVITY	EU TAXONOMY CATEGORY OF ECONOMIC ACTIVITY	TECHNICAL SCREENING CRITERIA
Climate change mitigation	Insulation boards	Category 3.5 Manufacture of energy efficiency equipment for buildings	Insulating products with a lambda value lower or equal to 0.06 W/mK
	Insulated panels	Category 3.5 Manufacture of energy efficiency equipment for buildings	External wall systems with U-value lower or equal to 0.5 W/m²K Roofing systems with U-value lower or equal to 0.3 W/m²K
	Vacuum insulated panels for buildings	Category 3.5 Manufacture of energy efficiency equipment for buildings	Insulating products with a lambda value lower or equal to 0.06 W/mK
	Thermo-acoustic boards	Category 3.5 Manufacture of energy efficiency equipment for buildings	Insulating products with a lambda value lower or equal to 0.06 W/mK

Table 1: 2023 Turnover related to EU Taxonomy eligible activities meeting the technical criteria

Economic activity	% TURNOVER ELIGIBLE FOR EU TAXONOMY ALIGNMENT
Manufacture of energy efficiency equipment for buildings	88.9%

Table 2: 2023 CapEx and OpEx related to EU Taxonomy eligible activities meeting the technical criteria

KPI	% CAPEX/OPEX ELIGIBLE FOR EU TAXONOMY ALIGNMENT
Related to capital expenditure (CapEx)	52.4%
Related to operational expenditure (OpEx)	8.2%

Turnover KPI
To determine the Turnover-KPI, the denominator is the external sales revenue reported in accordance with the IFRS consolidated financial statements . The numerator represents the revenue according to IFRS 15 attributable to taxonomy-aligned economic activities.

88.9% of the Recticel Group activities are EU Taxonomy eligible and potentially also EU Taxonomy aligned.
The required due diligence policies and procedures to make these activities EU Taxonomy aligned will be implemented throughout 2024.

CapEx KPI
To determine the CapEx KPI, all additions to intangible assets and property, plant and equipment (excluding goodwill) are shown in the denominator. In the numerator, investments are included if they relate to assets or processes that are essential to carry out a taxonomy eligible economic activity. In addition, further sustainable investments were identified that lead to a reduction in the company's own greenhouse gas emissions.

OpEx KPI
To determine the OpEx KPI, the denominator contains the direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. The numerator contains those operating expenses that can be allocated directly or indirectly to taxonomy-aligned activities, as well as related to purchases of aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions.

6.1.11.2 Meeting the Do No Significant Harm (DNSH) objective

We have completed an EU Taxonomy gap assessment on all Recticel activities that qualify for an EU Taxonomy category of economic activity. Its recommendations will be implemented in the integration process underway.

In respect to the Do No Significant Harm objective, the assessment revealed that, for certain topics, the audit trail must be more robust in view of the assurance required for the FY2024 report. Recticel is committed to achieving further alignment in the course of 2024.

6.1.11.3 Compliance with Minimum Social Safeguards

Minimum safeguards in the context of the EU Taxonomy refer to a set of social and governance criteria that must be met by economic activities that are considered environmentally sustainable. The inclusion of these safeguards in the EU Taxonomy is seen as an important step in ensuring that the transition to a sustainable economy is equitable and respects the rights of workers, communities and the environment.

Alignment with the following guidelines and principles is required:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- Fundamental Conventions of the International Labour Organisation (ILO)
- International Bill of Human Rights

We also assessed compliance with the final report of the Platform on Sustainable Finance on Minimum Social Safeguards[11], focusing on human/labour rights throughout the value chain, bribery/corruption, taxation and fair competition. For compliance with the minimum social safeguards, companies need to have adequate due diligence processes in place and prove the absence of certain negative impacts or events.
We started the implementation of the required risk management and due diligence processes for our value chain at the end of 2023 and it will be completed during 1H2024. For more information about the new Supply Chain Human Rights Due Diligence Procedure, see Chapter 6.2, Social Statement.

We declare that in relation to the minimum safeguards, Recticel has not been found to be in violation of labour or human rights, anti-corruption, tax or competitions law in the five years period preceding this Annual Report. Neither did Recticel have any interaction with an OECD National Contact Point or a Business and Human Rights Resource Centre.

In view of the double materiality exercise required under the CSRD, Recticel is in the process of updating its compliance procedures and will roll them out in May 2024.

[11] *Final Report on Minimum Safeguards (europa.eu)*

6.1.11.4 2023 EU Taxonomy reporting table

Proportion of turnover (sales) from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year 2023		2023		Substantial Contribution Criteria						DNSH criteria ('Do No Significant Harm')(h)									
ECONOMIC ACTIVITIES (1)	CODE (a) (b) (c) (2)	TURNOVER (SALES) (3)	PROPORTION OF TURNOVER (SALES), YEAR 2023 (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY (10)	CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) TURNOVER, YEAR 2022 (18)	CATEGORY ENABLING ACTIVITY (19)	CATEGORY TRANSITIONAL ACTIVITY (20)
		EUR X 1,000	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned) (d)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0	0.0%	Y	N	N	N	N	N	-	Y	Y	Y	Y	Y	N	0.0%	E	-
Turnover (sales) of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Y	Y	Y	Y	Y	N	0.0%		
Of which Enabling		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Y	Y	Y	Y	Y	N	0.0%	E	
Of which Transitional		0	0.0%	0.0%						-	Y	Y	Y	Y	Y	N	0.0%		-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (e) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of energy efficiency equipment for buildings	CCM 3.5	470,892	88.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								90.7%		
Turnover (sales) of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		470,892	88.9%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%								90.7%		
A. Turnover (sales) of Taxonomy eligible activities (A.1+A.2)		**470,892**	**88.9%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**90.7%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover (sales) of Taxonomy- non-eligible activities		**58,534**	**11.1%**																
TOTAL		**529,426**	**100.0%**																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Do No Significant Harm')(h)									
ECONOMIC ACTIVITIES (1)	CODE (a) (b) (c) (2)	CAPEX (3)	PROPORTION OF CAPEX, YEAR 2023 (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY (10)	CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) TURNOVER, YEAR 2022 (18)	CATEGORY ENABLING ACTIVITY (19)	CATEGORY TRANSITIONAL ACTIVITY (20)
		EUR X 1,000	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned) (d)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0	0.0%	Y	N	N	N	N	N	-	Y	Y	Y	Y	Y	N	0.0%	E	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Y	Y	Y	Y	Y	N	0.0%		
Of which Enabling		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Y	Y	Y	Y	Y	N	0.0%	E	
Of which Transitional		0	0.0%	0.0%						-	Y	Y	Y	Y	Y	N	0.0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (e) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of energy efficiency equipment for buildings	CCM 3.5	11,513	52.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								92.5%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		11,513	52.4%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%								92.5%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**11,513**	**52.4%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**92.5%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		**10,457**	**47.6%**																
TOTAL		**21,970**	**100.0%**																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Do No Significant Harm')(h)									
ECONOMIC ACTIVITIES (1)	CODE (a) (b) (c) (2)	OPEX (3)	PROPORTION OF OPEX, YEAR 2023 (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY (10)	CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) TURNOVER, YEAR 2022 (18)	CATEGORY ENABLING ACTIVITY (19)	CATEGORY TRANSITIONAL ACTIVITY (20)
		EUR X 1000	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned) (d)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0	0.0%	Y	N	N	N	N	N	-	Y	Y	Y	Y	Y	N	0.0%	E	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Y	Y	Y	Y	Y	N	0.0%		
Of which Enabling		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Y	Y	Y	Y	Y	N	0.0%	E	
Of which Transitional		0	0.0%	0.0%						-	Y	Y	Y	Y	Y	N	0.0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (e) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of energy efficiency equipment for buildings	CCM 3.5	42,424	8.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								15.3%		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		42,424	8.2%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%								15.3%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**42,424**	**8.2%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**15.3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		**474,420**	**91.8%**																
TOTAL		**516,844**	**100.0%**																

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the Section number of the activity in the relevant Annex covering the objective, i.e.:
- *Climate Change Mitigation: CCM*
- *Climate Change Adaptation: CCA*
- *Water and Marine Resources: WTR*
- *Circular Economy: CE*
- *Pollution Prevention and Control: PPC*
- *Biodiversity and ecosystems: BIO*

(b) Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

(c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives.

(d) The same activity may align with only one or more environmental objectives for which it is eligible.

(e) The same activity may be eligible and not aligned with the relevant environmental objectives.

(f) EL - Taxonomy eligible activity for the relevant objective
N/EL - Taxonomy non-eligible activity for the relevant objective

(g) Activities shall be reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.

(h) For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met.

Disclosure of information on nuclear energy and fossil gas related activities

NUCLEAR ENERGY RELATED ACTIVITIES		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
FOSSIL GAS RELATED ACTIVITIES		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

6.2 Social statement

The European Sustainability Reporting Standards (ESRS) will require organisations to disclose their social impact in a comprehensive and transparent manner in 2025, for the 2024 fiscal year. This should provide stakeholders with a deeper understanding of the organisation's social impact and efforts to promote sustainability. The social section of the ESRS covers the following topics:

ESRS S1 – Own workforce
ESRS S2 – Workers in the value chain
ESRS S3 – Affected communities
ESRS S4 – Consumers and end-users

Organisations are required to perform a double materiality assessment to evaluate which topics and sub-topics are material and should be reported on. Recticel proactively introduced S1 – Own Workforce in the 2022 Annual Report. Depending on the outcome of the double materiality assessment, which is under development, this section will be further updated in our 2024 Annual Report.

> "Recticel believes in respect, integrity, honesty and fairness and values all its employees and business partners. Ultimately, our business is built on people and the way they act. All of our employees, workers and managers and their behaviours determine the trust in and the reputation of Recticel. They shape how customers regard our products, how employees regard our work atmosphere and how shareholders regard their investment."

(Recticel Ethics Policy)

The overview below follows the structure of ESRS S1 – Own workforce and indicates the topics that we disclose in our 2023 Annual Report.

ESRS S1	TOPIC	DESCRIBE OR DISCLOSE THE UNDERTAKING'S	WHERE TO FIND RECTICEL INFORMATION
S1-1	Policies related to own workforce	Policies that address the management of its material impacts, risks and opportunities related to its own workforce. In addition, if such policies cover specific groups or all of its own workers.	6.2.1 Policies related to own workforce
S1-2	Process for engaging with own workforce and workers' representatives about impacts	Steps it takes to gain insight into the perspectives of own workforce that may be particularly vulnerable to impacts and/or are marginalised (for example, women workers, migrant workers, workers with disabilities).	6.2.2 Process for engaging with own workforce and workers' representatives about impacts
S1-3	Process to remediate negative impacts and channels for own workforce to raise concerns	Processes in place to provide for or cooperate in the remediation of negative impacts on own workforce that the undertaking has identified it has caused or contributed to, as well as channels available to own workers to raise concerns and have them addressed.	6.2.3 Process to remediate negative impacts and channels for own workforce to raise concerns
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce and effectiveness of those actions	Processes, initiatives or engagements through which the undertaking seeks to improve workers' lives; addressing the material risks and pursuing the material opportunities related to own workforce.	Disclosure subject to the outcome of the double materiality assessment
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Outcome-oriented targets to drive and measure its progress in addressing its material negative impacts and/or advancing positive impacts on its own workforce, and/or in managing material risks and opportunities related to its own workforce.	Disclosure subject to the outcome of the double materiality assessment
S1-6	Characteristics of the undertaking's employees	Approach to employment, including the scope and nature of impacts arising from its employment practices, to provide contextual information that aids an understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative metrics to be disclosed under other disclosure requirements in this Standard.	6.2.6 Characteristics of the undertaking's employees
S1-7	Characteristics of non-employees in the undertaking's own workforce	Approach to employment, including the scope and nature of impacts arising from its employment practices, to provide contextual information that aids the understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative metrics to be disclosed under other disclosure requirements in this Standard. It also allows an understanding of how much the undertaking relies on workers who are not employees.	Phasing in allowed until 2025 Annual Report. Disclosure subject to the outcome of the double materiality assessment.
S1-8	Collective bargaining coverage and social dialogue	Disclosure of whether the undertaking has one or more collective bargaining agreements and, if so, the overall percentage covered by such agreement(s) for each country in which the undertaking has significant employment, defined as at least 50 employees by head count.	6.2.8 Collective bargaining coverage and social dialogue (general approach) Phasing in allowed until 2025 Annual Report. Disclosure subject to the outcome of the double materiality assessment.
S1-9	Diversity metrics	Gender distribution at top management and the age distribution amongst its employees.	6.2.9 Diversity metrics
S1-10	Adequate wages	Whether or not all workers in its own workforce are paid an adequate wage, in line with applicable benchmarks; and if not, which type of workers do not receive an adequate wage and what percentage of its own workforce is paid below the adequate wage.	6.2.10 Adequate wages

ESRS S1	TOPIC	DESCRIBE OR DISCLOSE THE UNDERTAKING'S	WHERE TO FIND RECTICEL INFORMATION
S1-11	Social protection	Whether its own workers are covered by social protection against loss of income due to major life events, and, if not, the countries where this is not the case and the percentages in those countries that are not protected.	6.2.11 Social protection
S1-12	Persons with disabilities	The extent to which persons with disabilities are included among the undertaking's employees.	6.2.12 Persons with disabilities (general approach) Phasing in allowed until 2025 Annual Report. Disclosure subject to the outcome of the double materiality assessment.
S1-13	Training and skill development metrics	Understanding of the training and skills development-related activities that have been offered to employees, within the context of continuous professional growth, to upgrade employees' skills and facilitate continued employability.	6.2.13 Training and skill development metrics
S1-14	Health and safety metrics	Extent to which its own workforce is covered by its health and safety management system and the number of incidents associated with work-related injuries, ill health and fatalities of its own workers. In addition, it shall disclose the number of fatalities as a result of work-related injuries and work-related ill health of other workers working on the undertaking's sites.	6.2.14 Health and safety metrics
S1-15	Work-life balance metrics	Extent to which employees are entitled to and make use of family-related leave.	6.2.15 Work-life balance metrics Phasing in allowed until 2025 Annual Report. Disclosure subject to the outcome of the double materiality assessment.
S1-16	Remuneration metrics (pay gap and total remuneration)	The percentage gap in pay between women and men and the ratio between the compensation of its highest paid individual and the median compensation for its employees.	6.2.16 Characteristics of the undertaking's employees
S1-17	Incidents, complaints and severe human rights impacts and incidents	The number of work-related incidents and/or complaints and severe human rights impacts and incidents within its own workforce and any related material fines or sanctions for the reporting period.	6.2.17 Incidents, complaints and severe human rights impacts and incidents

In June 2023, Recticel completed its transformation to a dedicated insulation company by divesting the Engineered Foams division to Carpenter Co.

On 31 December 2023, Recticel Group comprised the divisions Insulation Boards (Recticel Insulation, Turvac (74% joint venture)), Insulated Panels (Trimo) and Acoustic Solutions (Soundcoat) as well as HQ and Shared Services.

In the information provided in this Chapter for comparative reasons, the scopes are outlined as they may differ between 2021, 2022 and 2023. In 2022 and 2021, HQ and Shared Services were included in the reporting results of Recticel Insulation.

REX Panels & Profiles was acquired on 10 January 2024 and will be included in the 2024 Annual Report.

6.2.1 S1 - Policies related to our own workforce

People are the cornerstone of our sustainability strategy. This means respecting the highest standards and principles on human rights, labour, the environment and anti-corruption. We maintain strong partnerships across our industry, attach great importance to dialogue with our employees and their representatives and support social projects relating to our strategy. We constantly seek to minimise the impact of our activities and products on health, safety and the environment. As an employer, we strive to create a safe, 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.

6.2.1.1 Our core values

Our core values define how we interact, do business and work together at Recticel in order to grow as a company and as individuals. The ultimate goal of our values is to align our organisation's actions and attitudes towards all stakeholders, internal and external, in a way that supports the execution of our corporate strategy and the achievement of our corporate objectives.

6.2.1.2 Ethics policy

Our Ethics Policy contains the fundamental standards adhered to at all times by every business activity, employee and manager. Recticel's policy regarding employment matters requires that all decisions related thereto are based on objectively relevant factors such as qualifications, merit, performance, dedication and compliance with the Ethics Policy. Discrimination based on personal factors such as age, race, colour, religion, mother tongue, gender, sexual orientation, mental or physical disability, political opinion, origin or nationality, is forbidden.

The rights of Recticel's workforce are guaranteed through the Ethics Policy. Recticel complies with the laws and the collective labour agreements in all countries in which it operates. When the applicable law, the collective labour agreements and the Recticel Ethics Policy specify diverging standards, the most stringent regulation will be applied. Recticel supports the United Nations Universal Declaration of Human Rights and the conventions and recommendations of its International Labour Organisation.

Recticel is committed to conducting its business in a manner that protects the health and safety of its customers, workers (employees and contractors) and the general public. Managers and employees are regularly informed and educated on health and safety regulations. Recticel also devotes adequate resources to identify, control and remedy health and safety risks associated with its operations, in accordance with applicable laws and regulations.

Sustainability is a fundamental aspect of our strategy and is extended to the performance of our supplier management processes. Commitment from all our suppliers to the principles detailed in our Ethics Policy (available on our website) is of vital importance. The Recticel Supplier Sustainability Requirements (RSSR) set out these requirements to ensure among other things that working conditions in the supply chain are safe, that workers are treated with respect and dignity and that business operations are environmentally responsible and conducted ethically. The RSSR form an integral part of Recticel's General Terms and Conditions and are available on our corporate website. Where the contractual relationship with our suppliers is not governed by Recticel's General Terms and Conditions, we require the suppliers to provide us either with a signed version of the RSSR or with proof that they respect principles equivalent to those set out in our Ethics Policy and RSSR.

In 2024, the Ethics Policy will be replaced by a new Code of Conduct within the Recticel Group and its divisions.

6.2.1.3 Whistleblowing policy

In the event of violation of internal or external laws and regulations, Recticel has implemented a Policy for the Reporting of Misconduct and the Protection of Whistleblowers (referred to as Whistleblowing Policy) to enable anyone to report on behaviour that may represent a violation of the Recticel Ethics Policy, the Corporate Policies or any other laws and regulations.

It sets out a procedure for dealing with managers, employees, contractors or anyone who wilfully or negligently commits a policy/procedure breach or criminal offence detrimental to Recticel or the public interest. Recticel employees have a basic moral obligation to report any reasonable suspicion that another employee or manager might be guilty of serious misconduct, fraud or gross malpractice.

Concerns about serious misconduct, fraud or gross malpractice can be raised through all possible channels of communication (by letter, e-mail, phone, personal discussion, etc.), both on a local and on a Group level. A dedicated mailbox is available 24/7, with strict access and confidentiality rights.

Recticel guarantees that whistleblowers who report serious misconduct, fraud or gross malpractice concerns in good faith will suffer no adverse or negative consequences whatsoever of disclosing those concerns in accordance with this procedure.

In 2024, an updated Whistleblowing Policy will be implemented within the Recticel Group and its divisions.

6.2.1.4 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 not established a formal specific diversity policy. However, it 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 internal and external stakeholders. Recticel commits to hire 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.

6.2.1.5 Supply chain human rights due diligence procedure

Where the contractual relationship with our suppliers is not governed by Recticel's General Terms and Conditions, we require the suppliers to provide us either with a signed version of the Recticel Supplier Sustainability Requirements (RSSR) or with proof that they respect principles equivalent to those set out in our Ethics Policy and RSSR.

In the fourth quarter of 2023, Recticel implemented a supply chain human rights due diligence procedure to proactively manage potential and actual adverse human rights impacts.

A special task force consisting of representatives from the Legal and Procurement Departments, chaired by the Legal Counsel, is responsible for developing and implementing a procedure for identifying, assessing and taking action on human rights impacts for people in the supply chain. The members unite on a monthly basis to follow up on progress.

The procedure that was developed consists primarily of the following actions:

(i) Conducting a desktop risk scan on human rights compliance by suppliers;
(ii) Requesting suppliers to sign Recticel's Supplier Sustainability Requirements (RSSR) and provide a copy of their company's Ethics Policy or equivalent documentation;
(iii) Sending out a self-assessment questionnaire to all suppliers;
(iv) Evaluating whether corrective action is required to address negative impacts on people in the supply chain.

Recticel will report on the outcome of the supply chain human rights due diligence procedure in the 2024 Annual Report.

6.2.2 S1-2 Process for engaging with own workforce and workers' representatives about impacts

Recticel is committed to providing timely and adequate information to its managers and employees and fosters open and constructive dialogue on the company's strategy and business development, as well as any other matter that may be of concern to its managers and employees.

Recticel's local management is responsible for maintaining good employee relations. They encourage open communication, communicate on the company's goals and how they relate to everyone's job, and share and review employees' expectations.

During the annual Employee Performance Management Discussion (EPMD) white-collar employees are invited to evaluate how they are doing in their daily work (content, workload, relationships, etc.). If employees report that they are dissatisfied with their situation at work, they can suggest possible solutions to their direct manager and can also request a meeting with their local HR representative.

Throughout the year, Recticel maintains an active dialogue with its social partners, at both country and European levels. In countries where a works council is in place as required by local legislation, works council meetings are organised to inform, consult or discuss with the employees' representatives, depending on the topics. The Country HR management is responsible for managing the local works council process.

At European level, a European Works Council (EWC) is in place. At least one annual meeting is scheduled while additional, restricted EWC committees can take place if the need arises. During the annual EWC of September 2023, the topics included a presentation of the status of Recticel's climate change mitigation strategy. The EWC was updated on Recticel's GHG emission reduction plan for scope 1, 2 & 3 and the commitment to the Science Based Targets initiative (SBTi). The Chief Human Resources Officer is responsible for managing the EWC process.

6.2.3 S1-3 Process to remediate negative impacts and channels for own workers to raise concerns

Employees who wish to raise a concern are encouraged to address it first with their direct manager or HR representative. If no solution can be found that satisfies all parties, the concern can be escalated to the manager's manager ('grandparent principle') and/or to the Country or Group HR organisation. In countries where a works council is in place, an employee can also choose to consult with their workers' representative. In addition, Recticel has a Whistleblowing Policy in place, allowing employees to raise their concerns.

Depending on local legislation, some countries have a confidential advisor in place to support and advise any employee experiencing a psychosocial problem at work (e.g. stress, bullying, trauma, alcohol or drug-related issues). This is the case in Belgium and Finland. The confidential advisor can also mediate if requested to do so by the employee. In other countries, the HR organisation is the point of contact for employees. If desired, employees can be referred to counselling organisations.

6.2.4 S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce and effectiveness of those actions

Disclosure subject to the outcome of the double materiality assessment.

6.2.5 S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Disclosure subject to the outcome of the double materiality assessment.

6.2.6 S1-6 Characteristics of the undertaking's employees

Recticel Group is a Belgian insulation company with a strong presence in Europe and the US, and production sites in Finland, United Kingdom, France, Slovenia, Serbia, Belgium and the US.[12] At the end of 2023, Recticel employed 1,255 people.

On 31 December 2023, Recticel Group comprised the subsidiaries Recticel Insulation, Trimo, Soundcoat and Turvac (74% joint venture) as well as HQ and Shared Services.

The reported data refer to the headcount at the end of the reporting period (31 December 2023).

Table 1. Number of employees (headcount by gender)

Gender	2022 NUMBER OF EMPLOYEES	2023 NUMBER OF EMPLOYEES
Male	886	888
Female	348	367
Total employees	1,234	1,255

Scope 2022: Recticel Insulation, Trimo and Turvac (74% joint venture)
Scope 2023: Recticel Group

Table 2. Employee headcount per country

Country	2022 NUMBER OF EMPLOYEES	2023 NUMBER OF EMPLOYEES
Slovenia	398	388
Belgium	329	293
United Kingdom	159	153
France	117	116
Serbia	74	68
Poland	72	70
Finland	52	49
The Netherlands	15	14
Germany	4	5
Czech Republic	4	4
Sweden	4	4
Slovakia	3	3
Hungary	2	2
Macedonia	1	1
USA	-	85

Scope 2022: Recticel Insulation, Trimo and Turvac (74% joint venture)
Scope 2023: Recticel Group

Table 3. Employees by contract type, broken down by gender (headcount)

	FEMALE		MALE		TOTAL	
	2022	2023	2022	2023	2022	2023
Number of employees	348	367	886	888	1,234	1,255
Number of permanent employees	328	354	871	880	1,199	1,234
Number of temporary employees	20	13	15	8	35	21
Number of non-guaranteed hours employees					Not applicable: Recticel does not employ non-guaranteed hours employees	Not applicable: Recticel does not employ non-guaranteed hours employees
Number of full-time employees	309	318	835	833	1,144	1,151
Number of part-time employees	39	49	51	55	90	104

Scope 2022: Recticel Insulation, Trimo and Turvac (74% joint venture)
Scope 2023: Recticel Group

The total number of employees (1,255 on 31 December 2023) can be reconciled with the information reported in the Financial Statement under Chapter 7.2.6.7, Staff.

[12] *See Chapter 1.1, Who we are.*

6.2.7 S1-7 Characteristics of non-employees in the undertaking's own workforce

A phasing in is foreseen allowing companies to disclose on this topic, subject to the outcome of the double materiality assessment, as of the 2025 Annual Report.

6.2.8 S1-8 Collective bargaining coverage and social dialogue

Recticel recognises the right of any employee to join or to refrain from joining a trade union. Recticel encourages communication with its employees and their representatives and complies with the laws and collective labour agreements of every country in which it operates. When the applicable law, the collective labour agreements and the Recticel Ethics Policy specify diverging standards, the most stringent regulation will be applied. Recticel supports the United Nations Universal Declaration of Human Rights and the conventions and recommendations of its International Labour Organisation. Recticel does not track freedom of association metrics.

For more information about Recticel's social dialogue, see Chapter 6.2.2, S1-2 Process for engaging with workers and workers' representative about impacts.

A phasing in is foreseen allowing companies to disclose in more detail on this topic, subject to the outcome of the double materiality assessment, as of the 2025 Annual Report.

6.2.9 S1-9 Diversity metrics

Recticel strives to create a community where everyone is included and respected, bringing people together for a better world. Recticel is proud to be present in fifteen countries in Western and Eastern Europe and the US, with employees of different nationalities.

We believe that a diverse team improves the quality of decision making, and ultimately improves overall performance. Recticel is an equal employer in all aspects of recruitment and selection and is committed to a fair and consistent approach to recruitment and selection. We work actively to develop a positive employer image amongst the internal and external stakeholders.

Recticel commits to offering equal employment and learning opportunities to 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.

On 31 December 2023, two out of the six members of the Board of Directors were women. As a result, the obligation of Article 7:86 of the Companies and Associations Code is complied with. The selection process of the members of the Board of Directors is described in the Governance Charter of Recticel. The aim is to come to a composition that is diverse in all its aspects, including gender, background, professional experience, competence and education.[13]

[13] *See biographies in Chapter 4.2.*

On 31 December 2023, one of the five Management Committee members was a woman.

In 2021, we introduced a KPI to improve gender diversity. Our target is to reach 25% women in leading positions (Recticel Hay Grade ≥ 18) across the Recticel organisation by 2030.

Table 1. Gender distribution in number and percentage at top management level amongst Recticel employees [KPI: Gender diversity in senior management positions (Recticel HG 18+)]

	2021	2022	2023[14]
Number	27 women	6 women	8 women
Percentage	18%	14%	17%
	Recticel Insulation, Recticel Bedding, Recticel Engineered Foams	Recticel Insulation	Recticel Group excluding Turvac (74% joint venture)

The count of female and male employees corresponding to Recticel's Hay Grade 18 and above is performed in Recticel's HR system. The annual report data are consolidated on 31 December 2023.

The evolution of the percentage of women in a senior management position has fluctuated in recent years as a result of divestments and acquisitions. We are committed to our goal of 25% by 2030.

[14] *PwC limited assurance, see Chapter 8.1.*

6.2.10 S1-10 Adequate wages

Recticel complies with the laws, including minimum wages, and the collective labour agreements in all countries in which it operates. When the applicable law, the collective labour agreements and the Recticel Ethics Policy specify diverging standards, the most stringent regulation will be applied. Recticel supports the United Nations Universal Declaration of Human Rights and the conventions and recommendations of its International Labour Organisation.

Recticel remuneration practices aim to attract, retain and motivate those individuals who contribute to the successful implementation of our business strategy. It is expected that those practices encourage enhanced performance and avoid underperformance being rewarded. Remuneration is managed globally according to established Recticel standards formalised into procedures such as the Salary Review procedure and the Bonus procedures. Remuneration is managed holistically so that its diverse components (base pay, incentives, perquisites and benefits) are all aligned and contribute to rewarding the desired behaviours. Recticel regularly benchmarks its practices against the local and international market as a point of reference for determining remuneration levels.

6.2.11 S1-11 Social protection

Recticel complies with the laws and the collective labour agreements in all countries in which it operates. When the applicable law, the collective labour agreements and the Recticel Ethics Policy specify diverging standards, the most stringent regulation will be applied.

Recticel recognises that extra-legal benefits play an important role in maintaining a healthy workforce, providing employees with a safety net and providing income at retirement.

Remuneration is managed holistically so that its diverse components (base pay, incentives, perquisites and benefits) are all aligned and contribute to rewarding the desired behaviours. Recticel regularly benchmarks its practices against the local and international market as a point of reference for determining remuneration levels.

6.2.12 S1-12 Persons with disabilities

Our Ethics Policy governs everything we do at Recticel. Discrimination based on personal factors, such as mental or physical disability, is forbidden. For more information, see Chapter 6.2.1.2, Ethics Policy.

6.2.13 S13 – Training and skill development metrics

Recticel wants to provide a working environment where continuous learning takes place in order to help employees gain more enjoyment from their work, increase their motivation and enhance employee retention. All Recticel 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, have access to opportunities for learning and development to enable them to perform to the best of their ability.

We assess and train for success and have installed structured mechanisms to ensure the quality of the process. Regular performance management discussions are crucial in this respect. During these conversations, white-collar employees have the opportunity to talk about their career development ambitions, working conditions and work-life balance. The output is used not just to optimise training and development, but also for reward, retention, succession and career planning processes.

We believe in personal growth and encourage our employees to take an active role in finding their own path within Recticel. Learning can take a number of different forms, such as external and internal training courses, on-the-job training, seminars, networking, literature, e-learning, peer-to-peer learning and many more.

We are consistently increasing our e-learning offering with the aim of reaching all white-collar employees. In 2021 access was given to a broad catalogue of e-learning materials that allow them to train and develop themselves in a self-paced way on topics identified during the Performance Management processes. As part of the integration process, Trimo employees were given access to the e-learning catalogue in 2023.

Since 2015, Recticel has had a compulsory Governance e-learning programme in place to create, increase and maintain awareness among Recticel employees regarding legislation as well as internal codes and policies to limit the company's risks of non-compliance. In 2018, a Cybersecurity programme was added to the compulsory e-learning programme to raise awareness of the potentially huge impact of cyber security breaches in terms of both financial loss and reputational damage. Successful completion of the Governance and Cybersecurity programmes is a KPI introduced at the start of our sustainability strategy in 2015.

TECUN, Recticel Technical University offers a new e-learning platform to share and improve employees' technical product and application knowledge.

TECUN
RECTICEL TECHNICAL UNIVERSITY

The subsidiary Recticel Insulation was the first to launch a series of modules focusing on specific topics such as Flat Roof, Acoustics, Fire Basics, Fire Advanced and Certification. In 2023, a sixth module was introduced on Walls, consisting of theoretical and practical parts. The e-learning modules are available in English, Dutch and French, making the content accessible to all sites of Recticel Insulation. Employees who successfully complete five modules are awarded a gold certificate.

Table 1. % employees who participated in regular performance and career development reviews; broken down by employee category and gender

	2022	2023
Percentage of white-collar employees who participated in annual employee performance management discussions	96%	58%
Male	60%	67%
Female	40%	33%

Scope 2022: Recticel Insulation
Scope 2023: Recticel Group, excl. Turvac (74% joint venture)

In 2023, we progressively started implementing the annual employee performance management discussion (EPMD) in the Insulated Panels division, a process that will continue in 2024. This explains the decrease in participation percentage between 2022 and 2023.

The data is collected on a yearly basis by the local HR organisation. The Annual Report data are consolidated on 31 December 2023.

Table 2. Recticel specific compulsory KPI: % employee participation in governance and cybersecurity e-learning including Legal, Cybersecurity and Safety, as well as expanding new offerings based on specific needs detected during the annual Employee Performance Management Discussion.

E-learning modules	TARGET	2021 RESULT	2022 RESULT	2023[15] RESULT
Governance Programme:				
Data Protection	95% completion	94%	96%	95%
Ethics Policy		94%	96%	94%
Basics of Contract Law		94%	96%	94%
Cybersecurity Programme:				
DIGIWIZZ	95% completion	96%	93%	95%

Scope 2021 : White-collar employees Recticel Insulation, Recticel Bedding, Recticel Engineered Foams
Scope 2022 : White-collar employees Recticel Insulation
Scope 2023: White-collar employees Recticel Group, excl. Trimo and Turvac (74% joint venture)

For the governance programme, the status 'completed' is only achieved if the employee obtains a test result of minimum 80%. For the cybersecurity programme, a minimum score of 70% on the final test is required.

The results for the compulsory programmes have remained constant over the recent transformative years for the Recticel Group.

The completion data per user for the Governance and Cybersecurity programmes are shared by the external provider on a monthly basis to check for completeness. The Annual Report data are consolidated on 31 December 2023.

[15] *PwC limited assurance, see Chapter 8.1.*

6.2.14 S1-14 Health and safety metrics

Recticel is committed to conducting its business in a manner that protects the health and safety of its customers, its workers (whether employees or contractors) and the general public. It is embedded in our Core Value of acting with respect and integrity and in our Ethics Policy that we do not compromise on safety.

The Recticel Group HS&E Policy defines strategic objectives to minimise 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.

The Recticel Group HS&E Manual provides guidance for the implementation of the HS&E Policy. QHS&E managers in our divisions drive and support change in our safety culture by developing operational standards, improving working environments, raising awareness and training personnel.

Managers and employees are regularly informed and educated on health and safety regulations. Recticel also devotes adequate resources to identify, control and remedy health and safety risks associated with its operations, in accordance with applicable laws and regulations.

In Recticel's operations, hazardous chemicals may be used for the production of our insulation solutions. As an example, rigid polyurethane foam is made through an exothermal reaction between a polyol and an isocyanate, but adhesives are also used in our manufacturing process.

Strict policies and procedures are in place to ensure that the health and safety of our employees is guaranteed at all times. New chemical products to be used in production must be approved by the local HS&E manager. All chemicals are stored safely and are subject to regular periodic inspections. Safety data sheets (SDS) are available in the production place for consultation at all times.

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 COMAH), and our plants have environmental management systems in place. In 2023, six out of eleven plants were ISO 14001-certified.

Particular attention is paid to training. All employees exposed to chemical substances are trained in the proper handling of the products and are educated on the related properties and potential associated dangers. Amongst other topics, training covers the use of personal protection equipment when required and handling and storage of chemicals, as well as safe working practices and emergency procedures.

We continue to raise awareness on safety. Through our global Simply Safe initiative, we introduced a clear framework of Golden Safety Principles and Golden Safety Rules. 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.

Since 2018, we have been holding an annual Recticel Safety Day. It relays the important message that safety is everyone's responsibility. The goal is simple – an accident-free workplace – and we pursue it relentlessly by applying consistent rules and principles across all our sites. In 2022, we chose to make Sustainability, Safety and Satisfaction part of our DNA. These are the goals that will create the workplace we want: a workplace that is safe and accident-free; a workplace where everyone is valued and encouraged; a workplace that makes us proud of our contribution to fighting climate change with our race to net zero emissions.

Table 1. Percentage own workers covered by Recticel's health and safety management system based on legal requirements and/or recognised standards or guidelines

	2022	2023
Percentage	100%	100%
	Scope: Recticel Insulation	Scope: Recticel Group

An external legal HS&E audit is conducted every three years.

Table 2. Number of fatalities as a result of work-related injuries and work-related ill health

	2022	2023
Number	0	0
	Scope: Recticel Insulation	Scope: Recticel Group

Table 3. Number and rate of recordable work-related accidents

	2022	2023
Number	13	25
Rate	12.53	11.68
	Scope: Recticel Insulation	Scope: Recticel Group

Table 4. Number of cases of recordable work-related ill health

	2022	2023
Number	0	0
	Scope: Recticel Insulation	Scope: Recticel Group

Table 5. Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health

	2022	2023
Number	120	487
	Scope: Recticel Insulation	Scope: Recticel Group

When we introduced our sustainability strategy in 2015, safety was selected as a material topic with the ambition of reducing the impacts of our activities and products. The Recticel Safety KPIs below clarify our targets and results:

Table 6. Recticel Safety KPIs

KPI	2021	2022	2023[16]	TARGET 2030	DEFINITION
Frequency 1 (Lost Time Accidents)	1.95	4.82	8.88	≤ 2	Definition: Number of Lost Time Accidents x 1,000,000 / number of hours performed
Frequency 2 (Lost Time Accidents + Restricted Work Cases + Medical Treatment Cases)	10.14	12.53	11.68	≤ 5	Definition: Number of [Lost Time Accidents + Restricted Work Cases + Medical Treatment Cases] x 1 million / number of hours performed
	Scope: Recticel Insulation	Scope: Recticel Insulation	Scope: Recticel Group		

Recticel continues to raise awareness in all its sites of the instruction to never compromise on safety. As the Frequency 1 KPI only relates to lost time accidents, we introduced an additional KPI which also takes into account incidents leading to modified work or requiring medical treatment. Whereas Frequency 1 unfortunately increased by 84% compared to 2022, Frequency 2 actually decreased by 7% with an enlarged scope.

The data is collected on a monthly basis by the local HS&E organisation and shared with the local and Group management teams. The Annual Report data were consolidated on 31 December 2023.

[16] *PwC limited assurance, see Chapter 8.1.*

6.2.15 S1-15 Work-life balance metrics

Recticel is an equal opportunity employer. We offer men and women the same opportunities to develop their talents, build a career and balance work and life by providing the option to work full-time or part-time at every stage of their career (see also Chapter 6.2.6, S1-6 Characteristics of the undertaking's employees).

In 2022, Recticel introduced country-specific homeworking policies based on global standards. The guiding idea is that all employees should have the same opportunities to work from home, if their job allows it, and within the limits of the local Country legislation. Supported by digital communication tools, the policy provides employees with more flexibility in organising their work to the benefit of the employee and the employer, considering every aspect of 'people, planet and profit'.

6.2.16 S1-16 Remuneration metrics (pay gap and total remuneration)

Recticel's policy regarding employment matters stipulates that all decisions related thereto must be based on objectively relevant factors such as qualifications, merit, performance, dedication, and compliance with the rules set out in the Ethics Policy.

Discrimination based on personal factors such as age, race, colour, religion, mother tongue, gender, sexual orientation, mental or physical disability, political opinion, origin or nationality, is forbidden.

Recticel complies with current regulation by disclosing its pay ratio comparing the highest remuneration of the Management Committee (that is, the remuneration of the CEO) with the lowest Remuneration at Recticel NV/SA. On 31 December 2023, the highest remuneration was 25 times the lowest remuneration; this is a pay ratio of 25:1.[17] Recticel is aware that a new EU Pay Transparency Directive was adopted in April 2023. The Directive aims at closing the gender pay gap. EU companies will be required to share information about how much they pay women and men for work of equal value, and take action if their gender pay gap exceeds 5%. The member states have three years to translate this into national legislation. Recticel is monitoring this closely in order to comply with the reporting requirements when they become available.

[17] *See Chapter 6.3.7.8 Annual Change in Remuneration and Pay Ratio.*

6.2.17 S1-17 Incidents, complaints and severe human rights impacts and incidents

Recticel expects its managers and employees to adhere to the highest standards of integrity and ethics, to respect the individual and the environment and to respect and comply at all times with all applicable national and international laws and regulations.

Discrimination based on personal factors such as age, race, colour, religion, mother tongue, gender, sexual orientation, mental or physical disability, political opinion, origin or nationality, is forbidden.

Harassment is not tolerated and Recticel expects all its managers and employees to behave in an appropriate manner. No conduct or behaviour and no verbal or written communication, internal or external, vis à vis fellow managers, employees, contractors, customers, suppliers, business partners' personnel or representatives, which could be deemed humiliating, intimidating, hostile, or inappropriate is accepted by Recticel. Any such conduct or communication will lead, as the case may be, to disciplinary sanctions.

No manager or employee has the right or the authority to request the execution of any action that would violate compliance with applicable national or international laws and regulations. This basic principle is neither subject to waiver nor exceptions for competitive or commercial reasons, industry customs or other exigencies or contingencies.

Table 1. Total number of work-related incidents and/ or complaints and severe human rights impacts and incidents within our own workforce and any related material fines or sanctions for the reporting period

	2022	2023
Total number of incidents of discrimination, including harassment	0	1
Number of complaints filed through channels for own workforce, including grievance mechanisms, to raise concerns (excluding discrimination, harassment)	0	2
Total amount of material fines, penalties and compensation for damages as a result of the incidents and complaints disclosed above	0	0
Reconciliation with the most relevant amount presented in the financial statement	0	0
	Scope: Recticel Insulation	Recticel Group, excl. Turvac (74% joint venture)

Table 2. Identified cases of severe human rights impacts and incidents (e.g. forced labour, human trafficking or child labour)

	2022	2023
Total number of severe human rights issues and incidents connected to the workforce	0	0
Number of severe human rights issues and incidents connected to workforce non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises.	0	0
Total amount of fines, penalties and compensation for damages for the incidents described above	0	0
Reconciliation with the most relevant amount presented in the financial statement	0	0
	Scope: Recticel Insulation	Recticel Group, excl. Turvac (74% joint venture)

Table 3. Number of severe human rights cases where the undertaking played a role securing remedy for those affected and remediation status

	2022	2023
Incidents reviewed	0	0
Remediation plans being implemented	0	0
Remediation plans that have been implemented, with results reviewed through routine internal management review processes	0	0
Incidents no longer subject to action	0	0
	Scope: Recticel Insulation	Recticel Group, excl. Turvac (74% joint venture)

The Annual Report data are consolidated on 31 December 2023.

6.3 Governance statement

The European Sustainability Reporting Standards (ESRS) will require organisations to disclose their governance impact in a comprehensive and transparent manner in 2025, for the 2024 fiscal year. This should provide stakeholders with a deeper understanding of the organisation's governance impact and efforts to promote sustainability. This governance statement includes the **ESRS G1 – Business conduct** section of the ESRS and the **Remuneration report**.

Organisations are required to perform a double materiality assessment to evaluate which topics and sub-topics are material and should be reported on. Recticel is proactively introducing G1 – Business conduct in the 2023 Annual Report. The objective of this Standard is to specify disclosure requirements which will enable users of the undertaking's sustainability statements to understand the undertaking's strategy and approach, processes and procedures, as well as its performance in respect to business conduct.

Depending on the outcome of the double materiality assessment, which is under development, this section will be further updated in our 2025 Annual Report.

The overview below follows the structure of ESRS G1 – Business conduct and indicates the topics that we disclose in our 2023 Annual Report:

ESRS G1	TOPIC	DESCRIBE OR DISCLOSE THE UNDERTAKING'S	WHERE TO FIND RECTICEL INFORMATION
G1-1	Business conduct policies and corporate culture	Policies that address the identification, assessment, management and/or remediation of its material impacts, risks and opportunities related to business conduct matters. It also aims to provide an understanding of the undertaking's approach to corporate culture.	6.3.1 Corporate culture and business conduct policies
G1-2	Management of relationships with suppliers	Management of its procurement process including fair behaviour with suppliers.	6.3.2 Management of relationships with suppliers
G1-3	Prevention and detection of corruption and bribery	Key procedures to prevent, detect and address allegations about corruption and bribery. This includes the training provided to own workers and/or information provided internally or to suppliers.	6.3.3 Prevention and detection of corruption and bribery
G1-4	Incidents of corruption or bribery	Incidents relating to corruption or bribery during the reporting period and the related outcomes.	6.3.4 Incidents of corruption or bribery
G1-5	Political influence and lobbying activities	Activities and commitments related to exerting its political influence with political contributions, including the types and purpose of lobbying activities.	6.3.5 Political influence and lobbying activities
G1-6	Payment practices	Contractual payment terms and its performance with regard to payment, especially as to how these impact SMEs and specifically with respect to late payments to SMEs.	6.3.6 Payment practices

In addition to covering the ESRS G1 – Business conduct topics, the Governance Statement also includes the Remuneration Report (Chapter 6.3.7).

6.3.1 G1-1 Corporate culture and business conduct policies

The objective of this Disclosure Requirement is to provide an understanding of how the administrative, management and supervisory bodies are involved in forming, monitoring, promoting and assessing the corporate culture. It shall also provide an understanding of the undertaking's ability (i) to mitigate any negative impacts and maximise positive impacts related to business conduct, and (ii) to monitor and manage the related risks.

6.3.1.1 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 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 Belgian Governance Code of 2020 as its reference code. This 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 explicitly stated in the statement below.

This chapter contains information about corporate governance in general and the application of the Belgian Corporate Governance Code 2020 during the last financial year in particular.

Recticel confirms its explicit choice for the monistic (one-tier) governance structure under the Belgian Companies and Associations Code. The Board of Directors is therefore authorised to undertake all necessary or useful actions to achieve the company's objective, except those that only the general meeting is authorised 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 the Governance Charter of Recticel.

6.3.1.2 Sustainability and market-driven innovation

Sustainability is profoundly embedded in the Recticel Group strategy. We are committed to finding responsible solutions for the various challenges and needs of our customers and the planet. We believe that our company's success relies on our ability to find innovative solutions for the major challenges facing society today, such as global warming and conservation of natural resources.

For all new investments, whether in existing products or in innovation projects, the element of sustainability is taken into consideration to boost our competitive edge and create ever more value for our stakeholders.

The Recticel Board of Directors ensures that sustainability is embedded in the corporate strategy. It reviews the ESG strategy to make sure that appropriate sustainability standards and reporting frameworks are in place.

The overall responsibility for our sustainability ambitions, strategy, reporting and issues management resides with the Chief Executive Officer (CEO), who engages with the Management Committee to review the co-ordination of the company's roadmap for reporting and execution.

The Sustainability & Communications Director leads a cross-functional Sustainability Task Force (STF), oversees data gathering and compliance reporting to external benchmarks, and steers communication on sustainability matters with internal and external stakeholders. The Sustainability Task Force was established to incorporate insights from various departments and teams within Recticel. It comprises members from the technical, operations, procurement, R&D, human resources, legal, marketing and sustainability departments.

6.3.1.3 Risk management and Internal Audit

Risks and uncertainties are inherent in Recticel's business activities and strategy, as in any business. Through a structured approach to risk management, Recticel seeks to proactively identify and manage both risks and opportunities.

Recticel's Board of Directors, assisted in its work by the Audit Committee, holds the overall responsibility for adequate risk management, encompassing the identification and quantification of risks and setting up and maintaining an efficient control mechanism. It pursues visibility over the aggregate exposure to Recticel's principal risks and considers these against the risk appetite. The main function of the Internal Audit department is to provide independent and objective assurance designed to add value and improve the organisation's operations. This involves evaluating and improving the effectiveness of risk management, control and governance processes.

When a risk is identified and considered significant and likely, a Management Committee Risk Owner will be appointed to oversee mitigation of the risk or enhancement of opportunity. Actions defined are formally followed up with the risk owner by the Audit Committee.

The risk management approach seeks to limit the exposure to risks, while allowing trade-offs in pursuit of the company's objectives in the shorter or longer term. The competitive environment in which Recticel operates requires us to accept risks, such as investment risks, whereas business results are delivered when seizing opportunities. However, for some risks Recticel demonstrates zero tolerance, such as Health & Safety and business conduct. Recticel's risk management approach is sustained by a risk culture guiding decision-making in line with the Recticel values, objectives and risk appetite.

More detailed information can be found in Chapter 5, Navigating the landscape of risk and opportunity.

The challenge that faces the Board of Directors and the Executive Management lies in determining how much uncertainty they wish to accept in their pursuit of value creation. The value is maximised if the administration is successful in creating an optimal balance between growth and turnover on the one hand and associated risks on the other.

The framework for internal control and risk management applied by Recticel is based on the COSO model (Committee of Sponsoring Organisations of the Treadway Commission) and is in line with the requirements imposed by the Belgian Corporate Governance Code 2020, taking into account the size and specific needs of Recticel.

The basis is formed by the Ethics Policy, applicable to all Recticel directors, corporate officers and employees, and published on the Recticel Group website.[18] The Ethics Policy covers, amongst other matters, ethics, safety, health and environment, quality, conflicts of interest and anti-trust. Corporate policies have been elaborated to cover these principles. These are further explained in the Business Control Guide, which provides guidelines on the level of Tax management, Treasury management, Accounting policies, Investments, Purchases, Mergers and Takeovers, and other topics. The internal financial reporting and control occurs based on the Company's Accounting Manual, Accounting Methodology and Cost Accounting Methodology.

This Business Control Guide includes the general delegation of deciding powers and responsibilities for specific areas of competence. In addition, 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, Recticel has implemented a Policy for the Reporting of Misconduct and the Protection of Whistleblowers to enable anyone to report on behaviour that may represent a violation of the Recticel Ethics Policy, the Corporate Policies or any other laws and regulations.

[18] *https://www.recticel.com/sites/default/files/who_we_are/discover_the_recticel_group/business_ethics_integrity/01_Ethics_policy_English.pdf).*

6.3.1.4 External audit

The external audit of Recticel NV/SA and its consolidated annual accounts has been entrusted by the Annual General Meeting of 2021 to the limited liability cooperative company PwC Bedrijfsrevisoren BV, with registered office at Culliganlaan 5, 1831 Diegem, Belgium, represented by Mr Marc Daelman, in order to exercise control over the financial years ended 31 December 2021, 2022 and 2023.

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

The remuneration of PwC (in its capacity as Auditor) for the audit of the Recticel NV/SA annual and consolidated annual accounts intended in article 3:65 of the Belgian Companies and Associations Code amounted to EUR 650.5K for 2023.

The global amount of the remuneration for additional services of the Statutory Auditor and parties related to the Statutory Auditor amounts to EUR 584.9K at the level of the Company.

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 EUR 368K, including domestic expenses and excluding IBR contribution, travel and accommodation expenses abroad and VAT.

6.3.1.5 Diversity

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 not established a formal specific diversity policy. However, it 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 internal and external stakeholders. Recticel commits to hire 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.

6.3.1.6 Composition of the Board of Directors

Recticel's Board of Directors currently consists of six members: one Non-executive Director and five Independent Directors.

One Director represents the reference shareholder.

With reference to the obligation to have at least one third 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 has reviewed different options in recent years to increase the number of female members.

On 31 December 2023, two out of the six members of the Board of Directors were women. As a result, the obligation of Article 7:86 of the Companies and Associations Code is complied with. The selection process of the members of the Board of Directors is described in the Corporate Governance Charter of Recticel. The aim is to come to a composition that is diverse in all its aspects, including gender, background, professional experience, competence and education.

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

Name	FUNCTION	TYPE	YEAR OF BIRTH	START OF MANDATE	END OF MANDATE	PRIMARY FUNCTION OUTSIDE OF RECTICEL	MEMBERSHIP COMMITTEE
Johnny THIJS [a]	Chairman	Independent	1952	2015	2024	Chairman Electrabel, Hospital Logistics and Golazo, Director Essers	AC / RC
Ingrid MERCKX [b]	Director	Independent	1966	2012	2025	Independent Consultant for Imrada bv and Rodina	AC
Luc MISSORTEN [c]	Director	Independent	1955	2015	2024	Director GIMV, Chairman Audit Committee GIMV, Managing Director Lubis	AC / RC
Kurt PIERLOOT [d]	Director	Independent	1972	2015	2024	CEO Bleckmann	RC
Elisa VLERICK [e]	Director	Independent	1986	2019	2025	Partner at 9.5 Ventures VC fund, Director Vlerick Group	AC
Filip BALCAEN [f]	Director	Non-executive	1960	2022	2025	Executive Chairman Baltisse nv, Chairman House of Talents, Chairman Polflam, Chairman Baobab, Director Pentahold	RC

[a] in his capacity as Permanent Representative of THIJS JOHNNY BV
[b] in her capacity as Permanent Representative of IMRADA BV
[c] in his capacity as Permanent Representative of LUBIS BV
[d] in his capacity as Permanent Representative of CARPE VALOREM BV
[e] in her capacity as Permanent Representative of MOROXCO BV
[f] from 9/3/2022, in his capacity as Permanent Representative of BALTISSE NV

AC = Audit Committee
RC = Remuneration & Nomination Committee
MC = Management Committee

Member of the Board of Directors who resigned before the end of the mandate

Olivier Chapelle SRL, Managing Director, represented by Olivier Chapelle, CEO and member of the Management Committee until 31 August 2023.

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 & Nomination Committee, the following was decided during the Ordinary General Meeting of 30 May 2023:

- Renewal of the mandate of THIJS JOHNNY BV, permanently represented by Johnny THIJS, as Non-executive and Independent Director for a new term of one year, ending after the Ordinary General Meeting of 2024.
- Confirmation as Independent Director of THIJS JOHNNY BV, permanently represented by Johnny THIJS within the meaning of article 7:87 of the Companies and Associations Code. Both 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).

On the Ordinary General Meeting on 28 May 2024, upon advice of the Board of Directors, a number of new mandates will be proposed for voting. For more information, please consult our corporate website (www.recticel.com).

Functioning of the Board of Directors

The Board of Directors gathered a total of nine times in 2023. One meeting handled mainly the 2023 budget and two meetings handled the establishment of the annual accounts as per 31 December 2022 and the mid-year accounts as per 30 June 2023.

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, etc.) are discussed as and when necessary.

The written decision procedure was not applied in 2023.

Dirk Verbruggen, Chief Financial & Legal Officer (representing Roffoelkin BV), acts as Secretary of the Board of Directors.

The individual attendance rate of the Directors at the meetings in 2023 was:

Name	ATTENDANCE RATE IN 2023
Johnny THIJS [a]	9/9
Olivier CHAPELLE [b]	7/9
Ingrid MERCKX [c]	9/9
Luc MISSORTEN [d]	9/9
Kurt PIERLOOT [e]	9/9
Elisa VLERICK [f]	8/9
Filip BALCAEN [g]	9/9

[a] in his capacity as Permanent Representative of THIJS JOHNNY BV
[b] in his capacity as Permanent Representative of OLIVIER CHAPELLE SRL
[c] in her capacity as Permanent Representative of IMRADA BV
[d] in his capacity as Permanent Representative of LUBIS BV
[e] in his capacity as Permanent Representative of CARPE VALOREM BV
[f] in her capacity as Permanent Representative of MOROXCO BV
[g] from 9/3/2022, in his capacity as Permanent Representative of BALTISSE NV

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 with a questionnaire to be remitted to and completed by each individual Director. The results of the questionnaire are then discussed and further analysed during a subsequent meeting of the Board of Directors. The last formal assessment took place in 2021 and the results and recommendations thereof were presented to the Board of Directors in February 2022 and implemented. Individual assessment of the Directors is conducted by the Remuneration & Nomination Committee.

6.3.1.7 Committees set up by the Board of Directors

6.3.1.7.1 Audit Committee

In accordance with article 7:99 of the Belgian Companies and Associations Code, the Audit Committee supervises, among other matters, the financial reporting process, the effectiveness of the company's internal control and risk management systems, 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, which also describes the tasks of the Audit Committee in more detail.

The Audit Committee currently consists of four members. All members are Non-executive and 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.

Dirk Verbruggen, Chief Financial & Legal Officer (representing Roffoelkin BV) acts as Secretary of the Audit Committee.

The composition of the Audit Committee complies with the stipulations of the Recticel NV/SA 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, 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 lists the members of the Audit Committee during the financial year 2023 to date.

Name	FUNCTION	ATTENDANCE RATE IN 2023
Luc MISSORTEN [a]	Chairman	4/4
Johnny THIJS [b]	Member	3/4
Ingrid MERCKX [c]	Member	4/4
Elisa VLERICK [d]	Member	4/4

[a] *In his capacity as Permanent Representative of LUBIS BV*
[b] *In his capacity as Permanent Representative of THIJS JOHNNY BV*
[c] *In her capacity as Permanent Representative of IMRADA BV*
[d] *In her capacity as Permanent Representative of MOROXCO BV*

The Audit Committee convened four times in 2023. Two meetings were devoted primarily to the audit of the annual accounts per 31 December 2022 and the interim accounts per 30 June 2023. All meetings also focus on the Internal Audit programme, risk management, compliance, taxation and IFRS related accounting questions. There were at least two meetings with the Statutory Auditor and the person responsible for the Internal Audit.

The Audit Committee regularly conducts 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 was conducted in 2021 and the results and recommendations were discussed and implemented in early 2022.

6.3.1.7.2 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. It also makes 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 whom three are Independent Directors.

Dirk Verbruggen, Chief Financial & Legal Officer (representing Roffoelkin BV), 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 Remuneration and Nomination Committee is composed as follows:

Name	FUNCTION	ATTENDANCE RATE IN 2023
Johnny THIJS [a]	Chairman	6/6
Kurt PIERLOOT [b]	Member	6/6
Luc MISSORTEN [c]	Member	6/6
Filip BALCAEN [d]	Member	4/6

[a] In his capacity as Permanent Representative of THIJS JOHNNY BV
[b] In his capacity as Permanent Representative of CARPE VALOREM BV
[c] In his capacity as Permanent Representative of LUBIS BV
[d] In his capacity as Permanent Representative of BALTISSE NV

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 six times in 2023.

These meetings dealt with the fixed and variable remuneration of the executive management and 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 regularly conducts 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 performed in 2021 and the results and recommendations were discussed and implemented in early 2022.

6.3.1.7.3 Strategy Committee

There was no committee in 2023.

6.3.1.8 Executive Management

The Board of Directors has entrusted the day-to-day management of the company to its Chief Executive Officer, Jan Vergote, representing Coral & Wallace BV.

The Chief Executive Officer is assisted by the Management Committee, of which the members (for the period 2023 to present) are listed below:

Name	FUNCTION
Olivier CHAPELLE [a]	Chief Executive Officer
Jan VERGOTE [b]	Chief Executive Officer
Ralf BECKER [c]	General Manager Insulation Boards
Betty BOGAERT	Chief Information and Digitalisation Officer
Božo ČERNILA	General Manager Insulated Panels
Rob NIJSKENS	Chief Human Resources Officer
Dirk VERBRUGGEN [d]	Chief Financial & Legal Officer

[a] *Until 31/08/2023 in his capacity as Permanent Representative of OLIVIER CHAPELLE SRL*
[b] *From 01/09/2023 in his capacity as Permanent Representative of CORAL & WALLACE BV*
[c] *Until 9/11/2023*
[d] *In his capacity as Permanent Representative of ROFFOELKIN BV*

On 1 September 2023, Jan Vergote took over the position of Chief Executive Officer from Olivier Chapelle.

On 9 November 2023, Jan Vergote took over the position of General Manager Insulation Boards from Ralf Becker.

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.

6.3.1.9 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 the Company'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 2023, one conflict 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 2023.

Reference is made here to the statutory Annual Report, which contains an extract of the minutes of the relevant Board of Directors meetings in this regard.

6.3.1.10 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 the Recticel 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.

Dirk Verbruggen was appointed as Compliance Officer and is responsible for monitoring the observance of these regulations.

6.3.1.11 Relationships with the reference shareholders, 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 [a]	PERCENTAGE OF SHARES AT BALANCE SHEET DATE	PERCENTAGE OF VOTING RIGHTS ATTACHED TO SHARES AT BALANCE SHEET DATE [b]
Own shares	13/5/2015	326,800	0.61%	0.58%	0.00%
Spring Holdco BV	12/5/2022	15,262,301	27.20%	27.14%	27.30%
Spring Holdco BV		600,748 [c]		1.07%	1.07%
Total Spring Holdco BV		**15,863,049**		**28.21%**	
Janus Henderson Group Plc	22/5/2023	1,698,929	3.02%	3.02%	3.04%
Janus Henderson Group Plc	23/1/2024	1,126,271 [d]	2.00%	2.00%	2.01%
Total Janus Henderson Group Plc		**2,825,200**		**5.02%**	
Degroof Petercam Asset Management	**2/5/2024**	**1,699,862 [e]**	**3.02%**	**3.02%**	**3.04%**
Public	Not applicable	35,516,009		63.16%	63.53%
Total (excluding own shares)		55,904,120			100.00%
Total (including own shares)		**56,230,920**		**100.00%**	

[a] *The percentage of shares is calculated based upon the number of existing shares at the moment of the notification.*
[b] *The percentage of voting rights is calculated based upon the 56,105,920 existing shares per 12/5/2022 based upon the information the Company has received from its shareholders per 12/5/2022, 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.*
[c] *Number of shares acquired by Spring Holdco BV on 19/10/2022, 12/12/2022 and 16/12/2022. The percentage of voting rights is calculated based upon the 56,208,420 existing shares on these dates.*
[d] *Acquisition of shares on 23 January 2024. Transparency declaration of 24/1/2024.*
[e] *Acquisition of shares on 5 February 2024. Transparency declaration of 7/2/2024.*

The company has not concluded a relationship agreement with the main shareholder Baltisse NV 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/subscription rights 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 realised following the special majorities required by law and by 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 of Directors, 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 Director position becomes vacant as a result of resignation, incapacity or death, the Board of Directors may provisionally fill the vacancy, upon recommendation from the Remuneration and Nomination Committee.

There are no legal or statutory limitations on the transfer of securities. There are no securities with special control rights. There are no legal or statutory restrictions on the exercise of voting rights as long 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 compensation after a public takeover bid, the resignation or departure of Directors 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 NV/SA:

- The Recticel Stock Option Plans of April 2014, June 2015, April 2016, June 2017, April 2018, June 2019, March 2021, May 2022 and June 2023 (warrant plans April 2014, June 2015, April 2016, June 2017, April 2018, June 2019, March 2021, May 2022, June 2023) issued by the Board of Directors Administration contain a clause 6.2./5.2 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, of 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 the Recticel General Shareholders Meeting or will be submitted for approval at the General Meeting on 28 May 2024.

In line with article 7:151 of the Belgian Companies and Associations Code, for such a clause to take effect, the approval of the General Shareholders Meeting is required.

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.

By decision of the extraordinary general meeting of the shareholders of 25 May 2021, an authorised capital was created equal to 5% of the issued capital with a validity of five years, allowing the Board of Directors to issue a maximum of 2,791,971 new Recticel shares to be used only in the framework of the subscription rights plans for the leading executives and personnel of Recticel. The Board of Directors has used this authorisation twice in the framework of the Recticel stock option plan: 475,000 subscription rights were issued in 2021; 320,000 subscription rights were issued in 2022; and 350,000 subscription rights were issued in 2023.

The Board of Directors is authorised 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 and sale authorisation is valid until 9 July 2025.

6.3.2 G1-2 Management of relationships with suppliers

In line with our commitment to ethical and sustainable business practices, Recticel places significant emphasis on the management of relationships with suppliers. We recognise that our suppliers, particularly Small and Medium-sized Enterprises (SMEs), are integral partners in our supply chain ecosystem. This section delves into our strategies and practices for cultivating robust relationships with suppliers, with a specific focus on preventing late payments to SMEs. Through transparent policies, timely communication and continuous improvement initiatives, we strive to foster a collaborative environment that ensures the prosperity and well-being of all stakeholders involved.

- **Managing supply chain disruptions**
  We understand the importance of avoiding disruptions to our supply chain and minimising their impacts. Through proactive engagement with our suppliers, we identify potential risks and develop strategies to mitigate them. This includes maintaining open lines of communication, conducting regular assessments of supplier capabilities and vulnerabilities, and implementing contingency plans to address any disruptions that may arise.
- **Training of procurement/supply chain workforce**
  Our procurement workforce is educated on engaging with suppliers and understanding the incentives that drive sustainable procurement practices. Incentives for our procurement teams are aligned with our company values and goals, encompassing factors such as price competitiveness, product quality and sustainability (scope 3 GHG emission reduction). We emphasise the importance of fostering long-term relationships with suppliers based on mutual trust and shared objectives.
- **Screening and evaluation of supplier performance**
  We have established robust screening and evaluation processes to assess the social and environmental performance of our suppliers. This includes assessing compliance with relevant regulations and standards and evaluating performance against predefined sustainability criteria. Suppliers are expected to demonstrate their commitment to ethical business practices, environmental stewardship and social responsibility. For more information on the Supply Chain Human Rights Due Diligence procedure, see Chapter 6.2.1.5.

Through these practices, we not only mitigate supply chain risks but also promote sustainability and responsible sourcing throughout our operations. By engaging with suppliers as strategic partners, we aim to create value for all stakeholders while advancing our company's mission and vision.

6.3.2.1 Description of policies/practices to prevent late payments to SMEs

Recticel is committed to promoting fair and timely payments to SMEs through transparent policies, efficient processes and proactive collaboration. We recognise the importance of supporting SMEs in realising their full potential and remain dedicated to fostering mutually beneficial partnerships built on trust, transparency and respect.

Recticel maintains efficient invoicing procedures to streamline the payment process. By facilitating smooth invoicing procedures, we aim to expedite the payment cycle and minimise delays.

We value the input and feedback of our SME partners in refining our payment practices.

6.3.2.2 Strategy with respect to our relationship with our suppliers

Suppliers play a pivotal role in the realisation of our sustainability aspirations. Our commitment to fostering sustainable partnerships underscores our belief that only through collaborative efforts can we effectuate the transition towards a low-carbon society and circular economy.

Our approach to supplier relationship management is rooted in sustainable innovation, implementing best practices and shared values. We strive to build a resilient and sustainable value chain that aligns with our strategic objectives and contributes to positive societal and environmental impact.

When selecting new suppliers or evaluating existing partnerships, we prioritise discussions surrounding their capabilities in resource efficiency and renewable materials, and their supplier engagement strategy, in order to realise our SBTi ambitions. These dialogues aim to align supplier innovations with our carbon footprint reduction targets, thereby fostering a sustainable value chain.

We hold every supplier and subcontractor to the same rigorous standards as Recticel. To promote transparency and accountability, we introduced the Recticel Supplier Sustainability Requirements (RSSR) and integrated them into our General Terms and Conditions. This integration underscores our unwavering dedication to upholding sustainable practices throughout our supplier relationships, thereby fostering a culture of shared responsibility and accountability.

6.3.3 G1-3 Prevention and detection of corruption and bribery

Recticel maintains a steadfast commitment to ethical conduct and zero tolerance for corruption and bribery in any form. Embracing a culture of continuous improvement, the company remains agile in fortifying its anti-corruption and anti-bribery initiatives, recognising the dynamic nature of these challenges. Recticel empowers its workforce to identify, prevent and report incidents of corruption and bribery, fostering a culture of vigilance and accountability. Anchored in principles of transparency and accountability, we uphold the highest standards of integrity, promoting trust and ethical excellence across our organisation.

6.3.3.1 Overview procedures in place to prevent, detect & address allegations or incidents of corruption/bribery, incl. communication, accessibility & understanding

While our procedures in this domain are robust and continually evolving, our core principles are firmly embedded within our Ethics Policy, particularly in the section dedicated to Bribery and Corruption. Through clear policies, robust compliance checks and proactive measures, we strive to uphold the highest standards of integrity in all aspects of our business operations.

CORE PRINCIPLES

Definition of bribery
Recticel defines bribery as the offering, giving, promising or receiving of any financial or other advantage to influence or persuade an individual exercising functions that should be conducted impartially.

Prohibition of bribery
The company explicitly prohibits managers, employees and agents from offering or accepting bribes. Additionally, Recticel expects all business partners, including joint ventures, contractors, customers and suppliers, to adhere to this prohibition.

Compliance checks
Prior to establishing any business relations with third parties, Recticel conducts thorough compliance checks to ensure alignment with anti-bribery and corruption standards.

Prohibition on payments to government officials
No Recticel manager or employee may directly or indirectly offer bribes to government officials or private undertakings' employees or officials. Payments or advantages to agents, consultants or business facilitators suspected of passing on payments to government officials are strictly forbidden.

Facilitating payments
Facilitating payments, except as specifically authorised by written local regulations, are strictly forbidden. These may include payments for permits, licenses, official documents, processing governmental papers or obtaining police protection.

COMMUNICATION AND ACCESSIBILITY

The company's Ethics Policy is communicated comprehensively to all employees, managers and relevant stakeholders. It is easily accessible through our internal communication channels, ensuring that all individuals understand their responsibilities and obligations regarding bribery and corruption prevention.

INCIDENT REPORTING AND RESPONSE

In the event of allegations or incidents of corruption or bribery, employees are encouraged to report any suspected violations through designated channels, including anonymous reporting mechanisms if necessary. Upon receipt of a report, the company conducts thorough investigations and takes appropriate disciplinary actions as per our established protocols and legal requirements.

6.3.3.2 Investigation committee/body separate from the chain of management involved in the matter + info on members of administrative, supervisory, management bodies

Recticel operates with a steadfast commitment to upholding ethical standards and ensuring compliance with legal requirements in addressing allegations or incidents that warrant investigation. Allegations or incidents requiring investigation are handled with diligence, integrity and transparency.

While the company does not maintain a distinct investigation committee separate from the management chain, it diligently adheres to legal requirements and internal protocols to handle such matters effectively.

COMPLIANCE OVERSIGHT

The company's Compliance Committee serves as a pivotal body entrusted with overseeing and managing issues related to compliance, including investigations into allegations of misconduct, corruption or bribery. Comprising seasoned professionals with expertise in legal, regulatory and ethical domains, the committee ensures investigations are conducted with impartiality and transparency.

ADHERENCE TO LEGAL REQUIREMENTS

Recticel meticulously adheres to all legal obligations concerning the investigation of incidents, ensuring strict compliance with relevant laws and regulations governing corporate governance, ethics and transparency. In the event of uncovered incidents, the company rigorously follows established legal procedures and internal guidelines to address the matter in accordance with legal mandates.

GOVERNANCE STRUCTURE

The company's governance structure encompasses administrative, supervisory and management bodies comprised of individuals with diverse backgrounds and expertise. Each member of these bodies upholds the company's values of integrity, accountability and ethical conduct in their respective roles, contributing to effective governance and oversight.

In summary, the company's robust compliance oversight mechanisms and adherence to legal requirements ensure that allegations or incidents requiring investigation are handled with diligence, integrity and transparency. By prioritising ethical practices and regulatory compliance, the company maintains trust and accountability across all levels of its operations.

6.3.3.3 Process to report outcomes to the administrative, management and supervisory bodies

At present, the company is in the process of enhancing its anti-bribery and anti-corruption policies to align with best practices and regulatory requirements. While the company does not currently have a formalised process in place to report outcomes to administrative, management and supervisory bodies regarding incidents, it remains committed to transparency and accountability in addressing such matters.

ONGOING POLICY ENHANCEMENT

Recticel recognises the importance of continuously improving its anti-bribery and anti-corruption policies to ensure robust compliance and effective governance. Efforts are underway to update existing policies and establish clearer procedures for reporting outcomes to relevant bodies within the organisation.

COMMITMENT TO LEGAL COMPLIANCE

In instances where incidents of bribery or corruption are uncovered, the company pledges to adhere to all necessary legal steps and obligations. This commitment ensures that appropriate actions are taken in accordance with relevant laws and regulations governing corporate governance and ethics.

FUTURE REPORTING MECHANISMS

As Recticel progresses in refining its anti-bribery and anti-corruption policies, it anticipates implementing structured reporting mechanisms to communicate outcomes to administrative, management and supervisory bodies. These mechanisms will facilitate transparency and accountability across the organisation, enabling timely and informed decision-making.

EMPHASIS ON TRANSPARENCY AND ACCOUNTABILITY

The company remains steadfast in its commitment to fostering a culture of transparency and accountability throughout the organisation. The forthcoming updates to its anti-bribery and anti-corruption policies will reinforce these values, establishing clear guidelines for reporting outcomes and promoting integrity at all levels of the company.

In conclusion, while Recticel is currently in the process of enhancing its reporting processes related to incidents of bribery and corruption, its commitment to legal compliance and transparency remains unwavering. As the company continues its efforts to strengthen its policies and procedures, it remains dedicated to upholding the highest standards of ethics and integrity in all aspects of its operations.

6.3.3.4 Nature, scope and depth of anti-corruption/anti-bribery training programmes

Our values describe how we interact, do business and work together at Recticel in order to grow as a company and as individuals. By promoting these values 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. One of the five values is 'We act with respect and integrity'.

Recticel acknowledges the importance of fostering a culture of integrity and compliance within the organisation, particularly in addressing the risks associated with corruption and bribery.

While the company is in the process of updating its anti-corruption and anti-bribery policies, it recognises the need to further enhance awareness and understanding among employees through comprehensive, compulsory training programmes focused on anti-corruption and anti-bribery principles. These programmes are designed to educate employees on the identification, prevention and reporting of instances of corruption or bribery in the workplace.

6.3.4 G1-4 Confirmed incidents of corruption or bribery

6.3.4.1 Total number and nature of confirmed incidents of corruption or bribery

As of the latest reporting period, the company has recorded one confirmed instance of alleged corruption.

The reported incident involved an employee of the company seeking bribes from third party contractors. Recticel responded promptly to the incident, initiating a thorough investigation in accordance with established protocols and legal requirements. Following the investigation, appropriate disciplinary actions were taken and corrective measures were implemented to prevent similar occurrences in the future.

Recticel recognises the significance of proactive measures in preventing and addressing corruption and bribery. The company remains vigilant in monitoring its operations, promoting a culture of integrity and compliance among employees and fostering transparency in all business dealings.

Moving forward, Recticel remains dedicated to upholding the highest standards of ethical conduct and corporate governance, fostering a culture of integrity and transparency throughout its operations. The company reaffirms its commitment to promptly address and transparently report any future incidents of corruption or bribery, in alignment with its core values and regulatory obligations.

6.3.4.2 Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws

To the knowledge of Recticel, there have been no convictions or fines for violations of anti-corruption and anti-bribery laws in the last five to ten years.

6.3.4.3 Details of public legal cases regarding corruption or bribery against the undertaking or its own workers (during reporting period) + outcome

During the reporting period, there were no public legal cases undertaken against Recticel workers regarding corruption or bribery.

The company maintains stringent ethical standards to prevent and address instances of misconduct within its workforce. The company's policies and procedures emphasise integrity, honesty and adherence to legal and regulatory requirements, which serve as pillars of its corporate culture.

6.3.4.4 Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery related incidents

In 2023, Recticel identified an incident involving an employee soliciting bribes, which contravened the company's strict anti-corruption policies. Following a thorough investigation, the employee was promptly dismissed in accordance with Recticel's zero-tolerance stance towards corruption and bribery.

6.3.4.5 Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery

During the reporting period, the company did not encounter any confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery. The absence of such incidents underscores Recticel's commitment to upholding integrity and transparency in all its business dealings.

6.3.4.6 Identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery

During the reporting period, the company did not encounter any insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery.

6.3.4.7 Incidents involving member(s) of the value chain only where the undertaking or its employees are directly involved

During the reporting period, the company did not encounter any confirmed incidents involving member(s) of its value chain only where the undertaking or its employees are directly involved.

6.3.5 G1-5 Political influence and lobbying activities

Recticel's approach to political influence and lobbying activities underscores its commitment to ethical conduct, transparency and responsible corporate citizenship. By maintaining a focus on its core business objectives and adhering to principles of integrity and governance, Recticel remains dedicated to creating long-term value for its stakeholders while upholding the highest standards of corporate ethics and social responsibility.

Recticel does not pursue ambitions to influence political processes nor engage in outspoken lobbying activities. Instead, the company remains dedicated to its mission of delivering smart insulation products while upholding the highest standards of integrity and corporate governance.

Recticel recognises the importance of maintaining impartiality and neutrality in political matters, respecting the diversity of opinions and perspectives within the political landscape. The company operates in accordance with applicable laws and regulations governing political activities, ensuring compliance and adherence to ethical principles at all times.

While Recticel may engage with policymakers and regulatory bodies on matters directly related to its business operations, such engagements are conducted with transparency and in accordance with established protocols. The company makes an effort to publish all relevant information in the name of transparency on its corporate website. The company prioritises constructive dialogue and collaboration with relevant stakeholders, seeking to contribute positively to public discourse while safeguarding the interests of its employees, shareholders and broader community.

6.3.6 G1-6 Payment practices

6.3.6.1 Average time to pay an invoice in number of days

Recticel meticulously processed a total of 21,305 incoming invoices during 2023, all of which were paid within the same calendar year.

Our analysis reveals that the average time to settle an invoice across our portfolio of entities was 42 days, underscoring our commitment to timely payment practices. Despite this performance, we noted some exceptions within smaller entities of the Group, which collectively represented 733 invoices. While these exceptions warrant attention, they constitute a modest fraction of our overall invoice volume.

Our analysis indicates that the clearing date is closely aligned with the net due date (delta < 5 days) in 85% of cases, demonstrating the company's unwavering dedication to meeting our financial obligations promptly and in accordance with agreed-upon terms. This consistent adherence to payment schedules is emblematic of our commitment to fostering strong and mutually beneficial relationships with our valued suppliers and partners. As we continue to uphold the highest standards of financial stewardship and operational excellence, Recticel remains steadfast in its pursuit of optimising invoice processing efficiency while ensuring the integrity and transparency of its financial practices across all facets of our operations.

6.3.6.2 Description of standard payment terms in number of days by main category of suppliers & percentage of payments aligned

The company adheres to standard payment terms outlined in Article 6 of its General Terms and Conditions applicable to all suppliers. In accordance with these terms:

- Invoices are required to include specific details such as purchase order numbers, delivery quantities and relevant shipment documentation.
- Invoices must be sent electronically to Recticel's designated address and will be paid within sixty (60) days of the invoice date, provided that goods or services have been fully delivered.
- Payments are made via wire transfer to the seller's nominated bank account.
- Recticel retains the right to offset amounts owed by the seller against amounts owed to the seller by Recticel, without prior notice.

Recticel's payment terms are designed to ensure transparency, efficiency and fairness in supplier transactions, fostering strong and reliable partnerships. While the percentage of payments aligned with these terms may vary across supplier categories, Recticel remains committed to upholding these standards to the best of its ability, promoting mutual trust and satisfaction among its suppliers.

6.3.6.3 Number of legal proceedings (currently outstanding) during the reporting period for late payments

Recticel maintains a proactive approach to resolving any legal matters related to late payments, demonstrating our commitment to upholding contractual obligations and maintaining strong partnerships with our suppliers. While we do not have precise figures available regarding ongoing legal proceedings during the reporting period, we prioritise timely resolution of any disputes or grievances related to payment delays.

Recticel takes any legal proceedings regarding late payments seriously and works diligently to address them in a timely and equitable manner. Our dedicated legal and financial teams collaborate closely to assess and mitigate any potential risks associated with outstanding legal matters, ensuring that the company's reputation for reliability and integrity remains uncompromised.

As we continue to gather more precise data on ongoing legal proceedings, Recticel remains committed to transparency and accountability in all its business dealings. We are proactive in our efforts to address any challenges related to late payments, seeking to resolve disputes amicably and in accordance with legal requirements. Our ongoing commitment to ethical conduct and responsible financial management guides our approach to addressing legal proceedings, as we strive to uphold the trust and confidence of our stakeholders.

6.3.7 Remuneration report for financial year 2023

6.3.7.1 Introduction

6.3.7.1.1 2023 business results

Following the divestment of the Engineered Foams division in June 2023 and the acquisition of Trimo d.o.o. in April 2022, Recticel's activities focus exclusively on the insulation market. Recticel wants to accelerate the fight against climate change with smart solutions to advance a carbon-free economy and a better quality of life. Recticel's divisions include Insulation Boards, Insulated Panels and Acoustic Solutions.

In 2023, inflation and rising interest rates generated adverse trends in the European construction markets. Market volumes have shrunk and there was fierce pressure on the margins of our Insulation Boards division. Despite this environment, the decrease in volumes stopped in Insulation Boards in the fourth quarter. The sales volume and market share of the premium products of our Insulated Panels division have increased compared to the previous year. The sales of the Group decreased by 9.9% to EUR 529.4 million and Adjusted EBITDA decreased by 39.2% to EUR 39.2 million.

In February 2024, The Science Based Targets initiative (SBTi) approved our greenhouse gas emission reduction targets for 2030 and net-zero targets for 2050. The SBTi community aims to limit global warming to 1.5°C above pre-industrial levels. For 2023, carbon emissions (scope 1 & 2) decreased by 10% vs. 2022. This is in line with the projected plan to reach 90% reduction by 2030 (SBTi).

6.3.7.1.2 2023 remuneration outcomes

The 2023 total remuneration levels reflect the difficult market conditions and corresponding business results and the evolution of the stock price, with lower Short Term Incentive payout levels and lower Long Term Incentive values.

Annual bonus awards

- The annual bonus awards depend for a large part on the achievement of pre-determined levels of Free Cash Flow and Adjusted EBITDA, as well as pre-defined Sustainability objectives, in addition to the completion of personal objectives focusing on M&A and business growth.
- The levels of cash flow delivered at Group level and by the Insulated Panels division were above target. They were below target for the Insulation Boards division. The corresponding bonus payout levels are 86%, 103% and 0% respectively.
- The Adjusted EBITDA target has not been met at Group and divisional level (both Insulation Boards and Insulated Panels). Still, the level of Adjusted EBITDA reached by the Insulated Panels division triggered a bonus payout of 31%. No bonus is due at Group level or for the Insulation Boards division in relation to that target.
- The Carbon Intensity target was met at Group level and was surpassed by the Insulation Boards division; this generated a payout of 76% and 82% respectively. No bonus is due for the Insulated Panels division as the target has not been achieved.

On 1 September 2023, Jan Vergote was appointed CEO in replacement of Olivier Chapelle. The Board of Directors decided that his bonus would depend, for the collective part, on a certain level of Adjusted EBITDA at Company level, and for the personal part, on the achievement of a selection of specific objectives.

Further details are provided in this report, in the section Short Term Incentive (one-year variable).

Stock options

- The 2019 stock option grant vested on 1 January 2023. Another grant was made in June 2023 at a strike price of EUR 10.80.

Management Committee membership

- Following the departure of Olivier Chapelle on 31 August 2023, Jan Vergote was appointed CEO on 1 September 2023. Ralf Becker, General Manager of the Insulation Boards division, left Recticel on 8 November 2023.

6.3.7.1.3 Shareholder engagement

The Annual General Meeting held on 30 May 2023 approved the 2022 remuneration report with 56.70% of shareholder votes. The remuneration policy, which must be voted on every four years, was approved with 61.63% of the votes. It now foresees the possibility to include a collective ESG objective in the Short Term Incentive. No other significant changes were implemented.

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.

6.3.7.1.4 Looking ahead

In order to support the successful deployment of the new business strategy of the Group, the Board of Directors, upon the recommendation of the Remuneration Committee, adjusted the Short Term Incentive of the members of the Management Committee for the performance year 2024. The adjustments aim at boosting individual ownership and direct individual impact on the business results, with a continued focus on profitability and sustainability.

- As of 1 January 2024, for all members of the Management Committee but the CEO, the Personal Objectives and the Collective Objectives are equally weighted.
- The relative importance of the Adjusted EBITDA objective is significantly increased compared to the Free Cash Flow objective. The ESG objective (carbon intensity) remains an important element of the bonus payout.
- The Board of Directors will propose to the shareholders to increase the maximum payout opportunity of the CEO to 150% (instead of 118.75% currently), and to increase the maximum payout opportunity of the other members of the Management Committee to 62.50% (instead of 59.38% currently).

As in previous years, the Board of Directors will seek the authorisation from the General Assembly to derogate from the prescriptions of article 7:91 of the Belgian Companies and Associations Code whereby variable remuneration payments must be spread over a period of three years in case certain thresholds are passed. This deviation will be requested for the CEO and the other members of the Management Committee, in line with the possibility offered by the legislation.

The Long Term Incentive Plan of the CEO and the other members of the Management Committee is delivered in the form of stock options. As in previous years, the Board of Directors will seek the authorisation from the General Assembly to issue warrants, including 125,000 stock options for the CEO.

6.3.7.2 Our remuneration policy at a glance

The remuneration policy was reviewed and validated by the Remuneration & Nomination Committee on 27 February 2023 and approved by the Board of Directors on the same day. The policy was adopted during the General Meeting of Shareholders on 30 May 2023 and became effective as of 1 January 2023. 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 Corporate Governance Code 2020.

6.3.7.2.1 Directors

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

in EUR

	BOARD		COMMITTEE	
Directors	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.

6.3.7.2.2 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.

Base pay

The 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, which states that benefits and perquisites are provided in line with competitive practices in the market where the Executive in question is based and mainly include hospitalisation, 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.

Short Term Incentive (one-year variable)

The bonus is expressed as a percentage of the base remuneration. The payout depends on the achievement of pre-determined collective and personal objectives, as follows:

- For threshold performance: the bonus payout will be nil.
- For target performance: the bonus payout will be 75% of base pay for the CEO and 37.5% for the other Management Committee members.
- For maximum performance: the bonus payout will be 118.75% of base pay for the CEO. For the other Management Committee members, it is 59.38%.
- No deferral policy is applicable.

Long Term Incentive (multi-year variable)

The long-term incentive plan is granted by means of stock options. Options granted in 2023 cannot be exercised before 1 January 2027, nor can they be exercised later than 29 June 2030.

Pension

Members of the Management Committee employed in Belgium before 2003 are included in the Recticel Defined Benefit Plan. Members hired externally since 2003 are included in the Recticel Defined Contribution Plan.

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 it to apply a higher number of months.

Contract

The CEO and one other member of the Management Committee provide services through a management company. The other members are salaried employees.

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 five years, preferably by keeping part of the stocks that they purchase under the existing stock option plan.

6.3.7.3 Remuneration of the Non-executive Directors

The following table sets out the total remuneration for each Non-executive Director in 2023.

in EUR

Name of Director	FIXED FEE	ATTENDANCE FEES
THIJS JOHNNY BV, represented by Johnny THIJS	30,000.0	77,500.0
OLIVIER CHAPELLE SRL, represented by Olivier CHAPELLE [a]	10,027.2	15,000.0
IMRADA BV, represented by Ingrid MERCKX	15,000.0	30,000.0
CARPE VALOREM BV, represented by Kurt PIERLOOT	15,000.0	35,000.0
MOROXCO BV, represented by Elisa VLERICK	15,000.0	27,500.0
LUBIS BV, represented by Luc MISSORTEN	15,000.0	55,000.0
BALTISSE NV, represented by Filip BALCAEN	15,000.0	30,000.0

6.3.7.4 Remuneration of the Management Committee members

6.3.7.4.1 Total remuneration

An overview of the total remuneration of the CEO and the other members of the Management Committee in 2023 can be found in the table below.

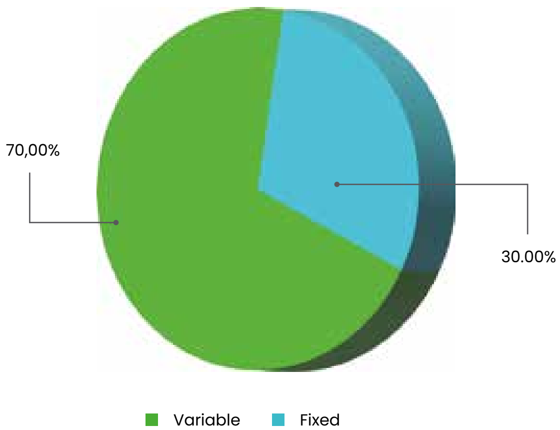
in EUR

	FIXED REMUNERATION		VARIABLE REMUNERATION		EXTRAORDINARY ITEMS [c]	PENSION EXPENSE	TOTAL REMUNERATION (1+2+3+4)	PROPORTION OF FIXED AND VARIABLE REMUNERATION	
	BASE PAY	OTHER BENEFITS	ONE-YEAR VARIABLE [d]	MULTI-YEAR VARIABLE				FIXED	VARIABLE
Incumbent name	1		2		3	4	5	(1+4)/(5-3)	(2)/(5-3)
OLIVIER CHAPELLE SRL represented by Olivier CHAPELLE (CEO) [a,b]	400,000	759	0	916,800	0	0	1,317,559	30%	70%
CORAL & WALLACE BV, represented by Jan VERGOTE (CEO) [c]	216,667	0	220,778	0	0	0	437,445	50%	50%
Other Members of the Management Committee [d]	1,516,970	116,846	400,510	725,800	0	101,675	2,861,801	61%	39%

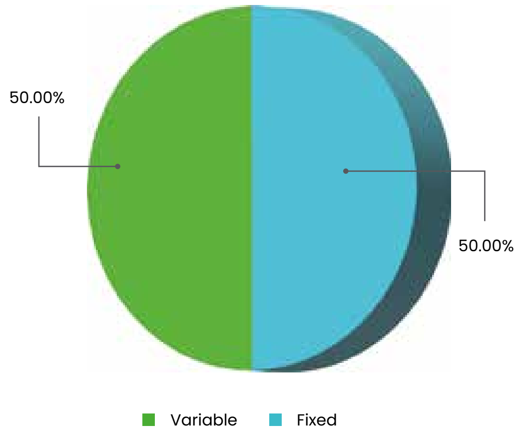
[a] *Only the CEO receives fees as Executive Director. These are deducted from the base pay. Fees therefore are not presented in a separate column in the table above.*
[b] *Olivier Chapelle was CEO until 31 August 2023. The table includes the remuneration paid until that date.*
[c] *Jan Vergote was appointed CEO on 1 September 2023. The table includes the remuneration paid as of that date.*
[d] *The General Manager of the Insulation Boards division left Recticel on 9 November 2023; the table includes the remuneration paid until that date.*

Proportion of fixed and variable remuneration – CEO

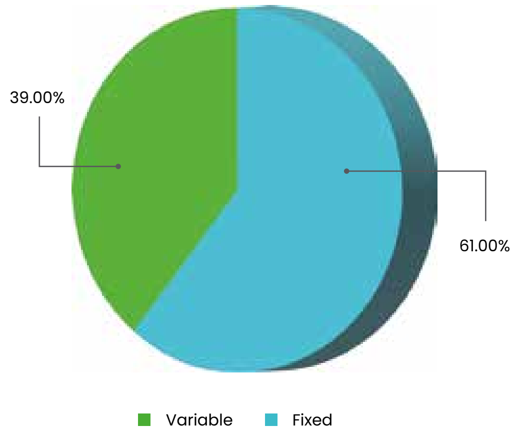
Olivier Chapelle SRL, represented by Olivier Chapelle (until 31 August 2023)



Coral & Wallace BV, represented by Jan Vergote (as of 1 September 2023)



Proportion of fixed and variable remuneration - Other members of the Management Committee



6.3.7.4.2 Fixed remuneration

Base pay	+	Other Benefits
= Fixed Remuneration		

1. Base pay

The table below shows the base pay actually paid in 2023 to the CEO and the other members of the Management Committee and how it compares to 2022.

in EUR

Incumbent Name	2022	2023 (FULL YEAR)	2023 (ACTUAL)	2023 VS. 2022
OLIVIER CHAPELLE SRL represented by Olivier CHAPELLE (CEO) [a]	600,000	600,000	400,000	0% (full year)
CORAL & WALLACE BV, represented by Jan VERGOTE (CEO)	n/a	650,000	216,667	n/a
Other Members of the Management Committee [b]	1,814,643	n/a	1,516,970	-16% (actual)

[a] *The base pay levels for Olivier Chapelle SRL include the fees received as a Member of the Board of Directors (EUR 25,027 in 2023).*
[b] *The decrease in the base pay total for the other members of the Management Committee is due to the departure of one Other Management Committee member in the course of 2023.*

2. Other benefits

The amounts mentioned in the column “Other benefits” in the total remuneration table in Chapter 6.3.7.4.1 relate to the following benefits: insurances (death, disability, medical), company car (leasing costs), fuel costs, mobile phone costs, and exclude pension (which is reported separately under “pension expenses”).

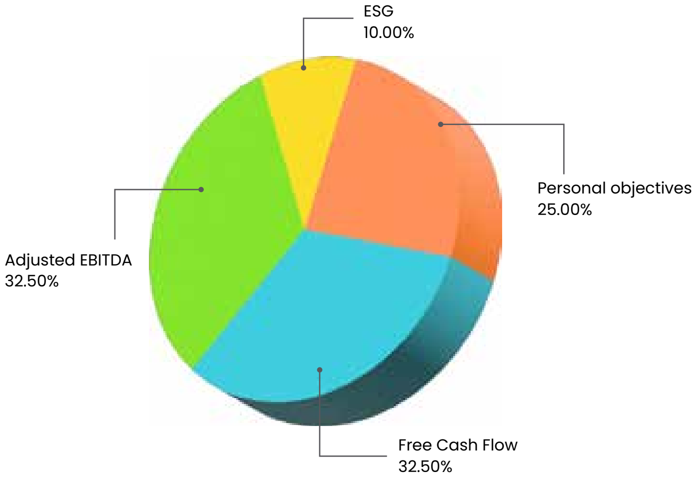
6.3.7.4.3 Variable remuneration

One-year variable	+	Multi-year variable
	= Variable Remuneration	

1. Short Term Incentive (one-year variable)

2023 Performance against targets
The Short Term Incentive depends on the achievement of pre-determined collective and personal objectives.

CEO & other members of the Management committee



For performance year 2023, for the CEO and the Group Function Heads (Chief Financial & Legal Officer, Chief Human Resources Officer, Chief Information & Digitalisation Officer), the collective objectives are determined at the level of the Group; for the division General Managers, they are determined at the level of their respective division (Insulation Boards or Insulated Panels).

For collective objectives, the payout progression is such that achieving budget delivers 75% of the bonus payout opportunity. No payment is due in case the level of Free Cash Flow achieved during 2023 is less than or equal to 80% of the budgeted level (90% for Adjusted EBITDA). The maximum payout (125%) is reached in case the achieved level of Free Cash Flow is 140% of the budget (115% for Adjusted EBITDA). A specific payout progression was devised for the ESG objective of each division. The payout progression follows a 'straight line' between each control point. Each collective objective is assigned a specific weight: 32.5% for the Free Cash Flow, 32.5% for the Adjusted EBITDA and 10% for the ESG objective. Personal objectives consist of a selection of three to five SMART targets focusing mainly on M&A, capacity increases, new product introduction and innovation. The achievement of each personal objective is rated on a scale from 0 to 100.

2023 payout progression

% weight	PAYOUT LEVEL	0% PAYOUT	50% PAYOUT	75% PAYOUT	100% PAYOUT	125% PAYOUT
32.50%	Free Cash Flow (% budget)	80.00%	90.00%	100.00%	120.00%	140.00%
32.50%	Adjusted EBITDA (% budget)	90.00%	95.00%	100.00%	107.50%	115.00%
10.00%	Carbon intensity (vs. previous year)	-5.00%	-7.50%	-10.00%	-15.00%	-20.00%
25.00%	Personal objectives	0.00%	50.00%	75.00%	100.00%	n/a
Corresponding payout for the CEO (% base pay)						
32.50%	Free Cash Flow	0.00%	16.25%	24.38%	32.50%	40.63%
32.50%	Adjusted EBITDA	0.00%	16.25%	24.38%	32.50%	40.63%
10.00%	Carbon intensity (vs. previous year)	0.00%	5.00%	7.50%	10.00%	12.50%
25.00%	Personal objectives	0.00%	12.50%	18.75%	25.00%	n/a
100.00%	**Total**	**0.00%**	**50.00%**	**75.00%**	**100.00%**	**118.75%**
Corresponding payout for the other members of the Management Committee (% base pay)						
32.50%	Free Cash Flow	0.00%	8.13%	12.19%	16.25%	20.31%
32.50%	Adjusted EBITDA	0.00%	8.13%	12.19%	16.25%	20.31%
10.00%	Carbon intensity (vs. previous year)	0.00%	2.50%	3.75%	5.00%	6.25%
25.00%	Personal objectives	0.00%	6.25%	9.38%	12.50%	n/a
100.00%	**Total**	**0.00%**	**25.00%**	**37.50%**	**50.00%**	**59.38%**

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, as well as all other members of the Management Committee. Hence the Board of Directors proposed to the 2023 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 2023 General Shareholders' meeting.

<u>Short Term Incentive payout for the performance year 2023</u>

The achievement of the performance targets was measured during a period of time that started on 1 January 2023 and ended on 31 December 2023. 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 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.

On 1 September 2023, Jan Vergote was appointed CEO in replacement of Olivier Chapelle. No Short Term Incentive payment is due to Olivier Chapelle for performance year 2023. The Board of Directors decided that the bonus of the newly appointed CEO, Jan Vergote, would depend, for the collective part, on a certain level of Adjusted EBITDA at Group level, and for the personal part, on the achievement of a selection of specific objectives.

Beneficiary	SHORT TERM INCENTIVE OBJECTIVES		% WEIGHT	ACTUAL PAY OUT (% BASE SALARY)	ACTUAL AMOUNT (IN EUR)
CORAL & WALLACE BV, represented by Jan VERGOTE (CEO)	Collective Objective	Adjusted EBITDA (Group)	75.00%	102.53%	166,611
	Personal Objectives		25.00%	100.00%	54,167
	Total		100.00%	101.90%	220,778
Other members of the Management Committee	Collective Objectives	Free Cash Flow (Group or Division depending on position)	32.50%	11.82%	179,032
		Adjusted EBITDA (Group or Division depending on position)	32.50%	0.99%	14,991
		Carbon intensity (Group or Division depending on position)	10.00%	3.11%	47,110
	Personal Objectives		25.00%	10.52%	159,377
	Total		100.00%	26.45%	400,510

2. Long Term Incentive (multi-year variable)

<u>Grant made in 2023</u>

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: 2.87%, interest rate: 2.8800% and volatility: 40.7%). For the grant in June 2023, the value amounted to EUR 3.2310/warrant.

Incumbent name (position)	NUMBER OF OPTIONS GRANTED	STRIKE PRICE OF THE OPTION (IN EUR)	TOTAL THEORETICAL VALUE AT GRANT (IN EUR)
Olivier CHAPELLE (Chief Executive Officer)	120,000	10.80	387,720
Ralf BECKER (General Manager Insulation Boards)	30,000	10.80	96,930
Betty BOGAERT (Chief Information & Digitalisation Officer)	30,000	10.80	96,930
Božo ČERNILA (General Manager Insulated Panels)	30,000	10.80	96,930
Rob NIJSKENS (Chief Human Resources Officer)	30,000	10.80	96,930
Dirk VERBRUGGEN (Chief Financial & Legal Officer)	30,000	10.80	96,930

No stock options were granted to Jan Vergote, appointed Chief Executive Officer on 1 September 2023, in the course of 2023.

<u>2023 Vesting</u>

The following stock options, relating to the April 2019 grant, vested on 1 January 2023.

Incumbent name	NUMBER OF OPTIONS VESTED	STRIKE PRICE OF THE OPTION (IN EUR)	SHARE PRICE AT VESTING (IN EUR)	VALUE AT VESTING (IN EUR)
Olivier CHAPELLE (Chief Executive Officer)	120,000	7.90	15.54	916,800
Ralf BECKER (General Manager Insulation Boards)	30,000	7.90	15.54	229,200
Betty BOGAERT (Chief Information & Digitalisation Officer)	30,000	7.90	15.54	229,200
Rob NIJSKENS (Chief Human Resources Officer)	5,000	7.90	15.54	38,200
Dirk VERBRUGGEN (Chief Financial & Legal Officer)	30,000	7.90	15.54	229,200

6.3.7.4.4 Extraordinary items

There are no extraordinary items to report.

6.3.7.4.5 Pension expenses

Incumbent name	PENSION EXPENSES (IN EUR)
OLIVIER CHAPELLE SRL, represented by Olivier CHAPELLE (CEO) [a]	Included in fee
CORAL & WALLACE BV, represented by Jan VERGOTE (CEO) [b]	Included in fee
Other members of the Management Committee	101,675

[a] *Until 31 August 2023.*
[b] *As of 1 September 2023.*

For salaried members of the Management Committee, 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.

6.3.7.4.6 Additional disclosure

Recticel did not apply any clawback provisions during the year under review.
The level of shareholdership of the Non-executive Directors on 31 December 2023 is displayed in the table below.

Level of shareholdership of the non-executive directors.

Director	NUMBER OF SHARES
Johnny Thijs	77,400
Ingrid Merckx	0
Luc Missorten	0
Kurt Pierloot	0
Elisa Vlerick	5,000
Filip Balcaen	0
Spring Holdco BV (Group BALTISSE)	15,863,049

The following table shows the level of shareholdership of the CEO and the other members of the Management Committee on 31 December 2023. It shows that the actual level of shareholdership is below the policy requirement for the CEO. Two out of the four other members of the Management Committee do not meet the policy requirement yet.

Level of shareholdership of the Management Committee members

Shareholdership	NUMBER OF SHARES HELD ON 31 DECEMBER 2023	VALUE OF THE STOCK ON 31 DECEMBER 2023 (IN EUR)	TOTAL VALUE OF SHARES HELD (IN EUR)	ACTUAL LEVEL OF SHAREHOLDERSHIP (% BASE PAY)	TARGET LEVEL OF SHAREHOLDERSHIP (% BASE PAY)
CEO	0	10.60	0	0%	50%
Other members of the Management Committee	74,546	10.60	790,188	58% on average	50%

The fulfilment of the shareholding guideline by the CEO and each other member of the Management Committee is determined by comparing the value of the number of shares held on 31 December 2023 to 50% of their annual base pay on 31 December 2023. The value of the shares held is obtained by multiplying the number of shares held on 31 December 2023 by the closing price of the stock on that date (EUR 10.60).

6.3.7.5 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	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 (IN EUR)	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) until 31/08/2023	2016 grant	29/4/2016	1/1/2020	1/1/2020 – 28/4/2025	5.73	685,000						0	45,000
	2017 grant	30/6/2017	1/1/2021	1/1/2021 – 29/6/2024	7.00							0	60,000
	2018 grant	25/4/2018	1/1/2022	1/1/2022 – 24/4/2025	10.21							0	100,000
	2019 grant	28/6/2019	1/1/2023	1/1/2023 – 27/6/2026	7.90				120,000	916,800		0	120,000
	2020 grant	3/3/2020	1/1/2024	1/1/2024 – 2/3/2027	6.70							120,000	0
	2021 grant	12/5/2021	1/1/2025	1/1/2025 – 11/5/2028	12.44							120,000	0
	2022 grant	13/5/2022	1/1/2026	1/1/2026 – 12/5/2029	17.74							120,000	0
	2023 grant	30/6/2023	1/1/2027	1/1/2027 – 29/6/2030	10.80		120,000	387,720				120,000	0
											Total	**480,000**	**325,000**
Ralf BECKER (General Manager Insulation Boards) until 09/11/2023	2017 grant	30/6/2017	1/1/2021	1/1/2021 – 29/6/2024	7.00	170,000						0	25,000
	2018 grant	25/4/2018	1/1/2022	1/1/2022 – 24/4/2025	10.21							0	25,000
	2019 grant	28/6/2019	1/1/2023	1/1/2023 – 27/6/2026	7.90				30,000	229,200		0	30,000
	2020 grant	3/3/2020	1/1/2024	1/1/2024 – 2/3/2027	6.70							30,000	0
	2021 grant	12/5/2021	1/1/2025	1/1/2025 – 11/5/2028	12.44							30,000	0
	2022 grant	13/5/2022	1/1/2026	1/1/2026 – 12/5/2029	17.74							30,000	0
	2023 grant	30/6/2023	1/1/2027	1/1/2027 – 29/6/2030	10.80		30,000	96,930				30,000	0
											Total	**120,000**	**80,000**
Betty BOGAERT (Chief Information & Digitalisation Officer)	2016 grant	29/4/2016	1/1/2020	1/1/2020 – 28/4/2025	5.73	185,000						0	15,000
	2017 grant	30/6/2017	1/1/2021	1/1/2021 – 29/6/2024	7.00							0	25,000
	2018 grant	25/4/2018	1/1/2022	1/1/2022 – 24/4/2025	10.21							0	25,000
	2019 grant	28/6/2019	1/1/2023	1/1/2023 – 27/6/2026	7.90				30,000	229,200		0	30,000
	2020 grant	3/3/2020	1/1/2024	1/1/2024 – 2/3/2027	6.70							30,000	0
	2021 grant	12/5/2021	1/1/2025	1/1/2025 – 11/5/2028	12.44							30,000	0
	2022 grant	13/5/2022	1/1/2026	1/1/2026 – 12/5/2029	17.74							30,000	0
	2023 grant	30/6/2023	1/1/2027	1/1/2027 – 29/6/2030	10.80		30,000	96,930				30,000	0
											Total	**120,000**	**95,000**

Incumbent Name	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 (IN EUR)	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			
Božo ČERNILA (General Manager Insulated Panels)	2022 grant	13/5/2022	1/1/2026	1/1/2026 – 12/5/2029	17.74	30,000						30,000	0
	2023 grant	30/6/2023	1/1/2027	1/1/2027 – 29/6/2030	10.80		30,000	96,930				30,000	0
											Total	**60,000**	**0**
Rob NIJSKENS (Chief Human Resources Officer)	2019 grant	28/6/2019	1/1/2023	1/1/2023 – 27/6/2026	7.90	70,000			5,000	38,200		0	5,000
	2020 grant	3/3/2020	1/1/2024	1/1/2024 – 2/3/2027	6.70							5,000	0
	2021 grant	12/5/2021	1/1/2025	1/1/2025 – 11/5/2028	2.44							30,000	0
	2022 grant	13/5/2022	1/1/2026	1/1/2026 – 12/5/2029	17.74							30,000	0
	2023 grant	30/6/2023	1/1/2027	1/1/2027 – 29/6/2030	10.80		30,000	96,930				30,000	0
											Total	**95,000**	**5,000**
Dirk VERBRUGGEN (Chief Financial & Legal Officer)	2016 grant	29/4/2016	1/1/2020	1/1/2020 – 28/4/2025	5.73	185,000						0	15,000
	2017 grant	30/6/2017	1/1/2021	1/1/2021 – 29/6/2024	7.00							0	25,000
	2018 grant	25/4/2018	1/1/2022	1/1/2022 – 24/4/2025	10.21							0	25,000
	2019 grant	28/6/2019	1/1/2023	1/1/2023 – 27/6/2026	7.90				30,000	229,200		0	30,000
	2020 grant	3/3/2020	1/1/2024	1/1/2024 – 2/3/2027	6.70							30,000	0
	2021 grant	12/5/2021	1/1/2025	1/1/2025 – 11/5/2028	12.44							30,000	0
	2022 grant	13/5/2022	1/1/2026	1/1/2026 – 12/5/2029	17.74							30,000	0
	2023 grant	30/6/2023	1/1/2027	1/1/2027 – 29/6/2030	10.80		30,000	96,930				30,000	0
											Total	**120,000**	**95,000**

6.3.7.6 Termination indemnities

In accordance with their contract, indemnities were due to Olivier Chapelle and Ralf Becker and their level was determined in accordance with the remuneration policy of the Group (12 months).

6.3.7.7 Derogations

On 1 September 2023, Jan Vergote was appointed CEO in replacement of Olivier Chapelle. The Board of Directors decided that the newly appointed CEO is entitled to a cash bonus for the period commencing on the date of his appointment until the end of 2023. The bonus depends, for the collective part, on the achievement of a certain level of Adjusted EBITDA at Group level and, for the personal part, on the achievement of a selection of specific objectives. See details provided in the section relating to Short Term Incentive.

6.3.7.8 Annual change in remuneration and pay ratio

6.3.7.8.1 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 December 2019 and 31 December 2023 against the evolution of key financial metrics.

Annual change in remuneration

	2019	2020	2021	2022	2023	2020 VS. 2019	2021 VS. 2020	2022 VS. 2021	2023 VS. 2022
Total remuneration of the CEO (in EUR) [a]	895,466	1,216,383	1,507,415	1,633,933	1,317,559	136%	124%	108%	-
Total remuneration of the CEO (in EUR) [b]	-	-	-	-	437,445	-	-	-	-
Average total remuneration of the other members of the Management Committee (in EUR)	440,578	473,056	589,632	642,020	592,505	107%	125%	109%	92%
Average total remuneration of the other employees (in EUR) [c]	59,508	57,653	59,876	54,667	54,407	97%	104%	91%	100%
Net Cash Flow before dividends (in million EUR)	23.6	197.1	54.9	-	-	835%	28%	-	-
Free Cash Flow (in million EUR)	-	-	-	50.7	12.3	-	-	-	24%
Adjusted EBITDA (in million EUR)	114.7	58.8	118.6	62.2	39.2	51%	202%	52%	63%
Net Profit (share of the Group) (in million EUR)	24.7	63.1	53.5	63.2	3.3	255%	85%	118%	5%
Sustainability KPIs									See Chapters 3 and 6

[ab] For the performance year 2023, the total remuneration of the CEO consists of the remuneration earned in 2023 by Olivier Chapelle until 31 August 2023, and by the newly appointed CEO, Jan Vergote as of his date of appointment (1 September 2023).

[c] The average total remuneration of the other employees corresponds to the average remuneration of employees active in Belgium only, and is determined on the basis of the 2023 social statement ("sociale balans"/ "bilan social") of Recticel NV/SA.

6.3.7.8.2 Pay ratio

The pay ratio compares the highest remuneration of the Management Committee (that is the remuneration of the newly appointed CEO, expressed on an annual basis) with the lowest remuneration at Recticel NV/SA (employees active in Belgium only). On 31 December 2023, the highest remuneration was 25 times the lowest remuneration; this is a pay ratio of 25:1. The ratio is lower than in previous years as no Long Term Incentive has been granted to the newly appointed CEO in 2023.

6.3.8 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.

7 Financial report

7.1 Consolidated financial statements

The consolidated financial statements have been authorised for issue by the Board of Directors on 26 April 2024.
They have been prepared in accordance with IFRS accounting policies, details of which are given below.

7.1.1 Consolidated income statement

in thousand EUR

	NOTES*	2022 RESTATED[1]	2023	
Sales	**7.2.3**	**587,834**	**529,426**	
Cost of sales		(474,420)	(439,336)	
Gross profit	**7.2.4.1**	**113,414**	**90,090**	
General and administrative expenses	7.2.4.2	(31,859)	(35,634)	
Sales and marketing expenses	7.2.4.2	(28,870)	(30,355)	
Research and development expenses	7.2.4.2	(4,531)	(4,572)	
Impairment of goodwill, intangible and tangible assets	7.2.1.4	(1,047)	(293)	
Other operating revenues	7.2.4.3	1,664	4,727	
Other operating expenses	7.2.4.3	(10,516)	(11,380)	
Income from associates	7.2.5.7	0	(0)	2
Operating profit (loss)	**7.2.4.4**	**38,255**	**12,582**	
Interest income		996	3,959	
Interest expenses		(6,277)	(7,872)	
Other financial income		7,136	2,922	
Other financial expenses		(11,835)	(3,074)	
Financial result	**7.2.4.5**	**(9,979)**	**(4,065)**	
Income from other associates		(1,176)	(1,772)	2
Impairment other associates			(7,748)	
Change in fair value of option structures		2,330	0	
Result of the period before taxes		**29,430**	**(1,002)**	
Income taxes	7.2.4.7	(15,953)	(7,986)	
Result of the period after taxes - continuing operations		**13,478**	**(8,989)**	
Result from discontinued operations	7.2.4.7	49,298	12,154	
Result of the period after taxes - continuing and discontinued operations		**62,776**	**3,165**	
of which share of the Group		62,400	3,310	
of which non-controlling interests		377	(145)	

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

[1] As announced in the press release of 14 June 2023, The Soundcoat Company Inc. was not part of the divestment to Carpenter Co and was, together with the restatement as a result of the discontinued Recticel Engineered Foams activities, transferred from discontinued Operations to continuing Operations as of 1 January 2022. The formerly published 2022 Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated cash flow statement & Statement of changes in shareholders' equity have been restated accordingly.

Trimo d.o.o. (Insulated Panels) is fully consolidated as of 1 May 2022.

[2] A distinction has been made between Income from associates - included in operating profit (loss) - and Income from other associates - excluded from operating profit (loss).
Income from 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 (until April 2022) and TEMDA2 (Ascorium, formerly Automotive Interiors).

7.1.2 Earnings per share

	NOTES*	2022 RESTATED [1]	2023
Number of shares outstanding (including treasury shares)		56,208,420	56,230,920
Weighted average number of shares outstanding (before dilution effect)		55,799,134	55,897,911
Weighted average number of shares outstanding (after dilution effect)		56,686,814	56,511,223

in EUR

	NOTES*	2022 RESTATED [1]	2023
Earnings per share			
Earnings per share - continuing operations		0.24	(0.16)
Earnings per shares - discontinued operations		0.88	0.22
Earnings per share of continuing and discontinued operations		**1.13**	**0.06**
Earnings per share from continuing operations			
Earnings per share from continuing operations - Basic	7.2.4.9	0.24	(0.16)
Earnings per share from continuing operations - Diluted	7.2.4.10	0.24	(0.16)
Earnings per share from discontinued operations			
Earnings per share from discontinued operations - Basic	7.2.4.9	0.88	0.22
Earnings per share from discontinued operations - Diluted	7.2.4.10	0.87	0.22
Net book value		**7.43**	**7.79**

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.

7.1.3 Consolidated statement of comprehensive income

in thousand EUR

	NOTES*	2022 RESTATED [1]	2023
Result for the period after taxes		**62,776**	**3,165**
Other comprehensive income			
Actuarial gains (losses) on employee benefits recognized in equity		6,832	(1,030)
Deferred taxes on actuarial gains (losses) on employee benefits		(1,189)	174
Currency translation differences that will not subsequently be recycled to profit and loss		92	(97)
Share in other comprehensive income in joint ventures & associates that will not subsequently be recycled to profit and loss	7.2.5.6	0	0
Items that will not subsequently be recycled to profit and loss		**5,735**	**(954)**
Hedging reserves		0	0
Currency translation differences that subsequently may be recycled to profit and loss		(4,954)	(1,793)
Foreign currency translation reserve difference recycled in the income statement		4,316	7,423
Deferred taxes on retained earnings		267	86
Share in other comprehensive income in joint ventures & associates that subsequently may be recycled to profit and loss	7.2.5.6	0	0
Items that subsequently may be recycled to profit and loss		**(372)**	**5,716**
Other comprehensive income net of tax		**5,363**	**4,762**
Total comprehensive income for the period		**68,139**	**7,927**
Total comprehensive income for the period		**68,139**	**7,927**
Total comprehensive income for the period attributable to the owners of the parent		67,762	8,072
Total comprehensive income for the period attributable to non-controlling interests		377	(145)
Total comprehensive income for the period attributable to the owners of the parent		**67,762**	**8,072**
Total comprehensive income for the period attributable to the owners of the parent - Continuing operations		20,508	(9,929)
Total comprehensive income for the period attributable to the owners of the parent - Discontinued operations		47,254	18,002

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

7.1.4 Consolidated statement of financial position

in thousand EUR

	NOTES*	31 DEC 2022 RESTATED[1]	31 DEC 2023
Intangible assets	7.2.5.1	77,357	70,094
Goodwill	7.2.5.2	63,218	62,409
Property, plant & equipment	7.2.5.3	111,491	120,687
Right-of-use assets	7.2.5.4	27,742	27,771
Investment property		113	0
Investments in associates	7.2.5.5	0	(0)
Investments in other associates	7.2.5.6	9,520	0
Non-current receivables	7.2.5.7	15,477	17,534
Deferred tax assets	7.2.4.6	23,508	21,551
Non-current assets		**328,426**	**320,046**
Inventories	7.2.5.8	57,346	43,692
Trade receivables	7.2.5.10	67,716	78,135
Deferred receivable for share investments/divestment		25,286	12,922
Other receivables and other financial assets	7.2.5.10	9,754	10,027
Income tax receivables		2,332	3,739
Cash and cash equivalents	7.2.5.11	39,782	191,393
Assets classified as held for sale	7.2.4.7	544,236	0
Current assets		**746,452**	**339,907**
TOTAL ASSETS		**1,074,878**	**659,954**

in thousand EUR

	NOTES*	31 DEC 2022 RESTATED[1]	31 DEC 2023
Capital	7.2.5.13	140,521	140,577
Share premium		133,596	133,729
Share capital		**274,117**	**274,307**
Treasury shares		(1,450)	(1,450)
Other reserves		1,563	(2,106)
Retained earnings		124,233	160,974
Hedging and translation reserves		4,559	4,556
Elements of comprehensive income of discontinued operations		41,283	0
Equity (share of the Group)		**444,305**	**436,281**
Equity attributable to non-controlling interests		1,850	1,706
Total equity		**446,155**	**437,987**
Employee benefit liabilities	7.2.5.14	13,207	12,412
Provisions	7.2.5.15	17,992	31,148
Deferred tax liabilities	7.2.4.6	21,704	23,088
Financial liabilities	7.2.5.16	196,763	23,082
Other amounts payable		1,016	982
Non-current liabilities		**250,681**	**90,711**
Provisions	7.2.5.15	256	0
Financial liabilities	7.2.5.16	93,824	6,415
Trade payables	7.2.5.17	75,638	70,068
Current contract liabilities	7.2.5.9	7,587	8,037
Income tax payables		4,444	1,781
Deferred payables for share investments		0	0
Other amounts payable	7.2.5.17	29,964	44,955
Liabilities directly associated with assets classified as held for sale	7.2.4.7	166,329	0
Current liabilities		**378,042**	**131,256**
TOTAL EQUITY AND LIABILITIES		**1,074,877**	**659,954**

** The accompanying notes are an integral part of this statement of financial position. See also note 7.2.4.7 - Discontinued operations.*

7.1.5 Consolidated cash flow statement

in thousand EUR

		NOTES*	2022 RESTATED [1]	2023
Operating profit (loss)		**7.2.4.4**	**38,255**	**12,582**
Amortisation of intangible assets		7.2.5.1	5,363	7,596
Depreciation of tangible assets		7.2.5.3	15,228	15,652
(Reversal) Impairment losses on tangible assets		7.2.5.3	1,047	293
(Write-backs)/Write-offs on assets			1,441	1,451
Changes in provisions			2,197	(3,121)
Gain/(Loss) on disposal intangible and tangible assets			(532)	(18)
Other non-cash elements			982	1,146
GROSS OPERATING CASH FLOW BEFORE WORKING CAPITAL MOVEMENTS			**63,981**	**35,581**
Changes in inventories			3,478	12,060
Changes in trade and other receivables			(2,378)	(7,194)
Changes in trade and other payables			(28,889)	3,884
Changes in working capital			**(27,788)**	**8,750**
Income taxes paid			(6,079)	(8,326)
Cash flow from operating activities (discontinued operations)			6,539	10,887
NET CASH FLOW FROM OPERATING ACTIVITIES	**(a)**		**36,653**	**46,892**
Interests received			902	413
Dividends received			33	
Disposal of Bedding			84,529	12,000
Disposal of Engineered Foams				428,202
Disposal of Orsafoam				2,383
Acquisition Trimo, net of cash acquired			(154,636)	312
Increase of loans and receivables			(882)	(1,244)
Decrease of loans and receivables			559	257
Investments in intangible assets		7.2.5.1	(3,177)	(2,742)
Investments in property, plant and equipment		7.2.5.3	(9,849)	(18,511)
Disposals of intangible assets		7.2.5.1	10	568
Disposals of property, plant and equipment		7.2.5.3	8,105	1,184
Cash flow from divestment (investment) activities (discontinued operations)			(32,846)	(4,141)
NET CASH FLOW FROM DIVESTMENT (INVESTMENT) ACTIVITIES	**(b)**		**(107,252)**	**418,680**

in thousand EUR

	NOTES*	2022 RESTATED[1]	2023
Interests paid on financial debt	(c)	(4,190)	(6,402)
Interests paid on lease debt	(c)	(69)	(107)
Interests received		0	3,987
Dividends paid		(16,229)	(17,425)
Increase/(Decrease) of capital		2,121	189
Increase of financial debt		93,387	7,996
Decrease of financial debt		(41,916)	(315,042)
Decrease of lease debt	(d)	(6,467)	(5,822)
Cash flow from financing activities (discontinued operations)		(10,563)	(6,645)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(e)**	**16,075**	**(339,272)**
Effect of exchange rate changes	(f)	(6,058)	51
Effect of exchange rate changes (discontinued operations)	(f)	76	(172)
CHANGES IN CASH AND CASH EQUIVALENTS	**(a)+(b)+(e)+(f)**	**(60,506)**	**126,179**
NET FREE CASH FLOW	**(a)+(b)+(c)+(d)**	**(81,324)**	**453,241**

in thousand EUR

	NOTES*	2022 RESTATED[1]	2023
Net cash position opening balance (continuing operations)		84,519	39,782
Net cash position opening balance (discontinued operations)		41,200	25,431
Net cash position opening balance	**(g)**	**125,719**	**65,213**
Net cash position closing balance (continuing operations)		39,782	191,393
Net cash position closing balance (discontinued operations)		25,431	
Net cash position closing balance	**(h)**	**65,213**	**191,393**
CHANGES IN CASH AND CASH EQUIVALENTS	**(h) - (g)**	**(60,506)**	**126,179**

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

Changes in financial liabilities

For the year ending 31 December 2023

in thousand EUR

	31 DEC 2022	CASH FLOWS IN 2023	NON-CASH CHANGES										
			NEW LEASES	REASSESSMENT IFRS 16	INTERESTS ACCRUED	FAIR VALUE OF HEDGING INSTRUMENTS	ACTUALISATION	AMORTISATION	TRANSFER	EXCHANGE RATE DIFFERENCES	TRANSFER TO HELD FOR SALE	CHANGE IN SCOPE	31 DEC 2023
Long term borrowings	**181,631**	(172,792)	0	0	0	0	0	1,108	54	0	(0)	0	**10,001**
Short term borrowings	**88,945**	(89,896)	0	0	1,575	0	0	0	(0)	187	0	0	**811**
Lease liabilities	**18,976**	(6,789)	1,047	4,823	385	0	4	0	21	(140)	(0)	0	**18,326**
Accrued interest liabilities	**1,035**	(6,736)	0	0	6,359	7	0	0	(69)	(238)	0	0	**358**
Total liabilities from financing activities	**290,587**	**(276,213)**	**1,047**	**4,823**	**8,319**	**7**	**4**	**1,108**	**6**	**(191)**	**0**	**0**	**29,497**

See also note 7.2.5.16 – Financial liabilities and note 7.2.5.4 – Right-of-use assets.

For the year ending 31 December 2022 restated[1]

in thousand EUR

	31 DEC 2021	CASH FLOWS IN 2022	NON-CASH CHANGES										
			NEW LEASES	REASSESSMENT IFRS 16	INTERESTS ACCRUED	FAIR VALUE OF HEDGING INSTRUMENTS	ACTUALISATION	AMORTISATION	TRANSFER	EXCHANGE RATE DIFFERENCES	TRANSFER TO HELD FOR SALE	CHANGE IN SCOPE	31 DEC 2022
Long term borrowings	**164,783**	15,851	0	0	0	0	0	998	(0)	0	0	0	**181,631**
Short term borrowings	**51,684**	45,064	0	0	3	0	0	0	62	1,818	(9,686)	1	**88,945**
Lease liabilities	**50,415**	(11,603)	2,718	1,670		0	858	0	478	80	(26,950)	1,308	**18,976**
Accrued interest liabilities	**688**	(4,456)	0	0	4,745	(9)	0	0	(11)	101	(24)	0	**1,035**
Total liabilities from financing activities	**267,570**	**44,856**	**2,718**	**1,670**	**4,748**	**(9)**	**858**	**998**	**529**	**1,999**	**(36,660)**	**1,309**	**290,587**

Change in scope relates to the business combination Trimo.
Transfer to held sale relates to the discontinued operations of Recticel Engineered Foams.
See also note 7.2.5.16 – Financial liabilities and note 7.2.5.4 – Right-of-use assets.

7.1.6 Statement of changes in shareholders' equity

For the year ending 31 December 2023

in thousand EUR

2023	CAPITAL	SHARE PREMIUM	TREASURY SHARES	OTHER RESERVES	RETAINED EARNINGS	TRANSLATION DIFFERENCES AND HEDGING RESERVES	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Equity at the beginning of the period	**140,521**	**133,596**	**(1,450)**	**1,563**	**124,233**	**4,559**	**403,022**	**41,283**	**444,305**	**1,850**	**446,155**
Restatement IFRS 16	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Dividends	0	0	0	0	(17,431)	0	(17,431)	0	(17,431)	0	(17,431)
Stock options (IFRS 2)	0	0	0	1,146	0	0	1,146	0	1,146	0	1,146
Capital movements[2]	56	133	0	0	0	0	189	0	189	0	189
Shareholders' movements	**56**	**133**	**0**	**1,146**	**(17,431)**	**0**	**(16,096)**	**0**	**(16,096)**	**0**	**(16,096)**
Profit (loss) of the period	**0**	**0**	**0**	**0**	**(8,844)**	**0**	**(8,844)**	**12,154**	**3,310**	**(145)**	**3,165**
Other comprehensive income	0	0	0	(1,507)	425	(3)	(1,085)	5,847	4,762	0	4,762
Total comprehensive income	**0**	**0**	**0**	**(1,507)**	**(8,419)**	**(3)**	**(9,929)**	**18,002**	**8,072**	**(145)**	**7,927**
Changes in scope	0	0	0	(3,307)	62,592	0	59,285	(59,285)	(0)	0	(0)
Equity at the end of the period	**140,577**	**133,729**	**(1,450)**	**(2,106)**	**160,974**	**4,556**	**436,281**	**(0)**	**436,281**	**1,706**	**437,987**

[2] see note 7.2.5.13
Other reserves, retained earnings, translation differences and hedging reserves have been restated due to the transfer of Soundcoat from discontinued to continuing operations.
The item "Changes in scope" of discontinued operations relate to the divestment of the Recticel Engineered Foams activities.

For the year ending 31 December 2022 (restated[1])

in thousand EUR

2022	CAPITAL	SHARE PREMIUM	TREASURY SHARES	OTHER RESERVES	RETAINED EARNINGS	TRANSLATION DIFFERENCES AND HEDGING RESERVES	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Equity at the beginning of the period	**139,909**	**132,087**	**(1,450)**	**(1,781)**	**105,402**	**(722)**	**373,445**	**16,335**	**389,780**	**1,524**	**391,304**
Restatement IFRS 16*	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Dividends	0	0	0	0	(16,195)	0	(16,195)	0	(16,195)	0	(16,195)
Stock options (IFRS 2)	0	0	0	981	(145)	0	836	0	836	0	836
Capital movements[2]	612	1,509	0	0	0	0	2,121	0	2,121	0	2,121
Shareholders' movements	**612**	**1,509**	**0**	**981**	**(16,340)**	**0**	**(13,238)**	**0**	**(13,238)**	**0**	**(13,238)**
Profit (loss) of the period	**0**	**0**	**0**	**0**	**13,101**	**0**	**13,101**	**49,298**	**62,400**	**377**	**62,776**
Other comprehensive income	0	0	0	1,794	333	5,281	7,408	(2,045)	5,363	0	5,363
Total comprehensive income	**0**	**0**	**0**	**1,794**	**13,433**	**5,281**	**20,509**	**47,254**	**67,762**	**377**	**68,139**
Changes in scope	0	0	0	569	21,737	0	22,306	(22,306)	0	(51)	(51)
Equity at the end of the period	**140,521**	**133,596**	**(1,450)**	**1,563**	**124,233**	**4,559**	**403,022**	**41,283**	**444,305**	**1,850**	**446,155**

[2] see note 7.2.5.13
Other reserves, retained earnings, translation differences and hedging reserves have been restated due to the transfer of Soundcoat from discontinued to continuing operations.
The item "Changes in scope" of discontinued operations relate to the divestment of the Bedding activities.

7.2 Notes to the consolidated financial statements for the year ending 31 December 2023

7.2.1 Summary of significant accounting policies

7.2.1.1 Statement of compliance - basis of preparation

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

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

The accounting standards applied in the consolidated financial statements for the year ended 31 December 2023 are consistent with those used to prepare the consolidated financial statements for the year ended 31 December 2022. A minor accounting policy change took place to the raw material inventory valuation for "make-to-order" activities.

7.2.1.2 Changes in accounting policies and disclosures

The following new standard and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2023 and have been endorsed by the European Union:

- **Amendments to IAS 8 Accounting policies,** Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023). The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

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

- **Amendments to IAS 12 'Income Taxes':** International Tax Reform – Pillar 2 Model Rules (effective 1 January 2023). The IASB has issued these amendments introducing:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar 2 income taxes; and
  - targeted disclosure requirements for affected entities.

There are no IFRS standards issued but not yet effective which are expected to have a material impact on Recticel's financials.

No new standards and amendments have been issued, are mandatory for the first time for the financial year beginning 1 January 2023 but have not been endorsed by the European Union.

7.2.1.3 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'.

Foreign currencies

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

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

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

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

Consolidation principles

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

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

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

- *Subsidiaries*

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

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

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

- *Joint Ventures and Associates*

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

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

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) 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. TEMDA2 (Automotive Interiors).

- *Discontinued operations*

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

- *Business combinations*

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

Intangible assets acquired separately

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

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

Internally-generated intangible assets - research and development expenditure

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

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

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

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

Goodwill

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

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

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

Leases

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

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

If a purchase option is available and the Group judges that it is reasonably certain to be exercised, the right-of-use asset is depreciated over its useful life.

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

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

The lease payments are discounted using the Group's incremental borrowing rate see note 7.2.5.4.

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.

A minor accounting policy changes took place to the raw material inventory valuation for "make-to-order" activities which are being valued according to the FIFO method

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

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

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

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

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

- *Derivative financial instruments*

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

Employee benefit liabilities

Post-employment benefits

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

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

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

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

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

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

the related current and past service costs are calculated by qualified actuaries using the projected unit credit method. The discount rate is based on the prevailing yields of high-quality corporate bonds with a currency and term consistent with the currency and term of the benefit obligations. For currencies for which there is no deep market in such bonds, government bonds are taken into account. No provisions for death in service is included in the defined-benefit obligations as it is fully insured, and the Group has no intention not to continue this insurance policy.

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

Remeasurements include:

- actuarial gains and losses resulting from differences between previous actuarial assumptions and actual experience, and from changes in actuarial assumptions;
- the return on plan assets; and
- any changes in the effect of the asset ceiling or additional liability recognised under IFRIC 14, excluding amounts included in net interest.

Such remeasurements are recognised in other comprehensive income. Past service costs, arising from plan amendments, are recognised immediately as an expense.

Defined contribution pension plans in Belgium are 'hybrid' pension plans that qualify as defined benefit plans for IFRS purposes, because they are by law subject to minimum guaranteed rates of return and have to guarantee minimum annuity conversion rates. There is therefore a risk that the Company may have to pay additional contributions related to past service.

Any such additional contributions will depend on the actual investment returns and the future evolution of the minimum guarantees.

- *Termination benefits*

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

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black & Scholes model. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 7.2.6.2.

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
- Year-end rebates
- Adjustments to cope with changes in raw material prices on a prospective basis.

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

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

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

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

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

Interest income & expenses

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

Dividend income

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

Government grants

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

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

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

Income taxes

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and when it is probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liabilities have been recognised on undistributed retained earnings of subsidiaries, associates and joint ventures, as the impact is not material.
The carrying amount of deferred tax assets is reviewed at least at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

7.2.1.4 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;
- determination of provisions for indemnities related to divestments
- valuation of post-employment defined benefit obligations, other long-term employee benefits and termination benefits;
- the recoverability of deferred tax assets;
- 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 term assets, an impairment assessment will in first place be made at the level of the individual asset. Only when it is not possible to estimate a recoverable value on an individual level, the evaluation will be made at the level of the cash generating unit (hereafter "CGU") to which the asset belongs. For amortizable long-term assets, an impairment analysis should be performed in case of impairment indicators. If such indicators exist, an impairment analysis shall be performed at the CGU level.

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

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

- CGU "United Kingdom"
- CGU "Continental Europe"
- CGU "Scandinavia"
- CGU "Trimo"

An impairment analysis was performed for the following CGU:

- CGU "Trimo"

considering the majority of the Recticel goodwill is allocated to them not withstanding that the CGU was only acquired in 2022.

For the other CGUs, the amount of goodwill is immaterial compared to the total amount of goodwill and hence do not necessitate further impairment testing.

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

in thousand EUR

	TRIMO	OTHER	TOTAL
Goodwill	60,040	2,370	62,409
Other intangible assets	63,005	7,090	70,094
Property, plant & equipment	31,337	76,281	107,617
Assets under construction	1,061	12,009	13,069
Right-of-use assets	619	27,152	27,771
Total net book value	**156,060**	**124,900**	**280,961**
of which impairments recognized during the period	(13)	(279)	(293)

For **2023**:
Impairment charges are not linked to the general impairment analysis.

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 11.7% is used for all CGUs (10.7% in 2022). 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.

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

Group target ratios:	**2022**	**2023**
Gearing: net financial debt/total equity	50%	50%
% net financial debt	33%	33%
% total equity	67%	67%
Pre-tax cost of debt	**1.97%[1]**	**2.06%**
Pre-tax cost of equity		
= $(R_f + (E_m * Beta) + S_p)/(1-T)$	**10.68%**	**11.06%**
Risk free interest rate = R_f	3.19%	3.39%
Beta	1.28	1.32
Market equity risk premium = E_m	6.0%	6.0%
Small cap premium = S_p	1.65%	1.65%
Corporate tax rate = T	**21.9%**	**21.9%**
Assumed inflation rate	2.0%	2.0%
Pre-tax WACC (weighted average cost of capital)	**10.7%**	**11.1%**

[1] *the 2022 pre-tax cost of debt integrates the impact of the Trimo acquisition.*

The discount factors are reviewed at least annually.

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 sensitive to the volatility of 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 "Trimo" the value-in-use model projections are based on budgets and financial plans covering in total a three-year period. 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 "Trimo" amounts to 1.58 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 2024-2026 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 2025) on the outcome of the impairment tests (see overview table below).

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

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

in thousand EUR

Sensitivity	DISCOUNTED CASH FLOW / NET ASSET BASE (INCLUDING RIGHT-OF-USE ASSETS)				
	BASE CASE	1% INCREASE OF WACC (A)	1% DECREASE OF GROSS MARGIN ON SALES (B)	5% DECREASE OF NET SALES (C)	COMBINATION OF (A), (B) AND (C)
Trimo	1.58 times book value	1.44 times book value	1.46 times book value	1.35 times book value	1.13 times book value

For Investments in other associates an impairment test is performed at least annually.

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 7.2.5.10.

The Group's credit management processes continue to prove their effectiveness resulting in no significant credit losses. No market evolutions lead to an increase of the default rates used to calculate the expected credit losses.

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

Loans granted to Associates included a subordinated vendor loan of EUR 10 million (maturity 2027) granted on 30 June 2021 to TEMDA2 GmbH, the Automotive joint venture which acquired the Automotive Interiors activities (ref. 7.2.4.7). 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. Following that transaction Recticel held a 25% participation in Proseat with the option to sell this remaining participation after three years. On 14 April 2022 following the exercise of its put option, Recticel sold to Sekisui Plastics Co., Ltd its remaining 25% participation in Proseat.

As per 31 December 2021 the fair value of the Proseat option amounted to EUR -2.3 million. On 14 April 2022, Recticel exercised its put option and sold to Sekisui Plastics Co., Ltd its remaining 25% participation in Proseat Europe GmbH, Germany. By 31 December 2022 Recticel reversed the previously recognised provision related to the fair value of the put option (EUR +2.3 million).

On 01 July 2021, Recticel announced the closing of the divestment of its Automotive Interiors business to TEMDA2 GmbH, a new joint venture with Admetos. Recticel holds a participation of 49% in this new joint venture. The agreement contains reciprocal call/put options - for Admetos to acquire, or Recticel to sell its remaining 49% share -, which are exercisable as from March 2024.

A valuation of the put/call structure on the remaining 49% participation in the Automotive joint venture TEMDA2/Ascorium, by using a Black & Scholes formula and taken into account certain assumptions regarding dividend yield, interest rate and volatility, has been made per 31 December 2023, valuing the fair value of the option amounted to zero (same as per 31 December 2022).

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 7.2.4.3 and 7.2.5.15.

Provisions for indemnities related to divestments

At the moment of a divestment the divestment agreement stipulates certain indemnity clauses. These indemnity clauses are 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.

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 7.2.6.9.

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 7.2.5.14. 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 Belgium, Germany and Poland. While the ultimate outcome of these tax audits is not certain, the Group has considered the merits of its filing positions in the overall evaluation of potential tax liabilities and believes that adequate liabilities are recorded in the consolidated financial statements. However, important tax corrections can never be excluded. In such case, Recticel will defend its position, always in full collaboration with the tax authorities.

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

The total net deferred tax assets decreased from EUR 1.8 million at 31 December 2022 to total net deferred tax liabilities of EUR 1.5 million at 31 December 2023 mainly due to an increase of deferred tax liabilities on intangible assets, resulting from the purchase price allocation of the acquisition in Trimo, as a result of an increase of the tax rate from 19% to 22% in Slovenia.

At 31 December 2023 deferred tax assets of EUR 28.9 million are recognized mainly in Belgium (EUR 14.4 million), in Germany (EUR 3.2 million) in Slovenia (EUR 3.3 million) and in Finland (EUR 1.8 million).

Assets held for sale - Discontinued operations

For the Engineered Foams activities, Recticel considers the criteria of IFRS 5 to be met as of 30 June 2022, and consequently the Engineered Foams activities have been accounted for as discontinued operations as per 30 June 2022. IFRS 5 has been applied on the basis of the following facts : (i) decision by the Board of Directors to divest the Recticel Engineered Foams activities, (ii) receival of a binding offer, (iii) obtention of shareholder approval, (iv) execution of legal carve-outs and (v) the sale being highly probable to be concluded within 12 months of the classification as disposal group held for sale. Following the application of IFRS 5, depreciations have been stopped on Recticel Engineered Foams, as from 30 June 2022, the date Engineered Foams is available for immediate sale following the completion of the carve-outs. As of 12 June 2023, the date when the divestment of Recticel Engineered Foams activities to Carpenter was realised IFRS 5 are included except for the related remaining indemnities.

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. This gain, arising from the change in the fair value of investment property, is included in profit or loss for the period.

7.2.1.5 Climate change

In compiling our financial statements, Recticel has assessed the implications of climate change. This examination encompasses the disclosures outlined in our Chapter 5, Navigating the landscape of risk and opportunity, as well as our progress toward achieving the Science Based Targets initiative (SBTi) near-term objectives. Our targets aim to diminish scope 1 and scope 2 emissions by 90% and scope 3 emissions by 25% by 2030, ultimately striving for net-zero emissions across all scopes by 2050, in alignment with the Paris Agreement's goal of limiting global warming to 1.5°C.

Our commitment to the SBTi, which were validated in February 2024, are an integral part of our longstanding sustainability strategy. This strategy underwent a strategic transformation, culminating in June 2023 with the divestment of Engineered Foams, enabling us to transition to a sole focus on insulation and set a growth target of 5% for our insulation business until 2030.

In addition to our strategic direction, Recticel is taking tangible actions in line with the shift towards a low-carbon and circular economy. These actions are elaborated upon in our climate action plan, "Our Race to Net Zero," detailed in Chapter 2.1. Our efforts concentrate on responsibly selecting raw materials, implementing sustainable and energy-efficient processes, and adopting eco-design principles.

Key elements of our climate action plan include:

1. Energy Efficiency Initiatives: Implementing measures to reduce energy consumption, enhance operational efficiency, and minimize our carbon footprint. For instance, we have installed metering systems in production sites to track and reduce energy usage.

2. Renewable Energy Transition: Transitioning to renewable energy sources like solar power to electrify operations and decrease reliance on fossil fuels. We are evaluating options to electrify our operations and are exploring additional solar panel installations at our production sites.

3. Supply Chain Collaboration: Collaborating with suppliers to address emissions throughout the supply chain, promote sustainability, and achieve positive environmental outcomes. We have incorporated a sustainability scorecard into our procurement policy and engaged extensively with suppliers to reduce emissions.

4. Innovation: We are transitioning our R&D budget to innovative solutions and technologies that support climate change mitigation and circularity. This includes partnerships with research and development institutes to explore bio-based raw materials and recycling solutions for construction and end-of-life waste.

It has to be noted that Recticel is not a highly energy consuming company, as demonstrated by the relatively low scope 1 and scope 2 GHG data. As we are not using water in our manufacturing processes, water shortage is not considered as having an impact.

As we invest to achieve our near-term and net-zero SBTi targets, we carefully assess the useful life of replaced assets and adjust estimates accordingly. Our commitment to sourcing energy from renewable resources will include long-term agreements for solar and wind power, as well as the purchase of Renewable Energy Certificates when relevant to achieve our SBTi commitment. We've factored these considerations into our financial statements.

In summary our climate change considerations have not materially impacted our financial reporting judgments and estimates. Furthermore, we conclude that climate change risks do not affect the going concern assessment.

7.2.1.6 Geopolitical conflicts

Currently Recticel has no local operations in Russia, Ukraine and the Middle East (Gaza/Israel). Neither does Recticel export to Russia, Ukraine and Gaza/Israel. Consequently there is no direct impact observed nor to be expected.

However, it is not excluded that future operations and business are affected indirectly by the conflict. These indirect impacts may come from supply issues, an inflationary macro-economic environment, credit risks on customers and increasing financing costs. Currently there is no impact and it is expected that these eventual future impacts on operations and financial position should remain limited for the Group.

7.2.1.7 Inflation

The aftermath of the COVID-19 pandemic and the Russia-Ukraine conflict have led to higher interest rates and a steep increase of the inflation in Europe. The inflation affects mainly energy costs and salaries. In the second half of 2023 the raw material and energy costs have decreased. All these costs are being critically reviewed and optimized on a constant basis. These inflation effects were passed through were possible.

7.2.2 Changes in scope of consolidation

The following changes in the scope of consolidation took place **during the year 2023:**

On 12 June 2023 disposal of the Recticel Engineered Foams activities to US-based Carpenter Co. (see 7.2.4.7 Discontinued operations).

The disposed Recticel Engineered Foams companies are:
- FoamPartner Americas Inc
- FoamPartner Holding AG
- FoamPartner Polyurethane Materials (Changzhou) Co., Ltd.
- FoamPartner Singapore Pte. Ltd
- FoamPartner Trading (Shanghai) Ltd
- Recticel AB
- Recticel AS
- Recticel Engineered Foams Belgium n.v.
- Recticel Engineered Foams GmbH
- Recticel Engineered Foams Netherlands B.V.
- Recticel Engineered Foams Switzerland AG
- Recticel Engineered Foams Corby
- Recticel Foams (Shanghai) Co Ltd
- Recticel Foams (Wuxi) Co Ltd
- Recticel Iberica s.l.
- Recticel India Private Limited
- Recticel Limited
- Recticel Maroc s.à.r.l.a.u.
- Recticel ou
- Recticel oy
- Recticel s.a.s.
- Recticel Teknik Sünger Izolasyon Sanayi ve Ticaret a.s.

On 11 October 2023: disposal of the 33% participation in Italian foam company Orsa Foam srl to its joint venture partner Orsa srl.
- Orsa Foam srl

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

On 31 March 2022: disposal of the Bedding activities to the Portuguese privately owned Aquinos Group (see 7.2.4.7 Discontinued operations). The disposed Bedding companies are:

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

End-April 2022: acquisition of Trimo d.o.o.- the Slovenian specialist in the production of sustainable premium insulated panels for the construction industry. Trimo is fully integrated in the consolidated statements from 01 May 2022. The acquired Trimo companies are:

Trimo d.o.o.	Slovenia	100%
Trimo MSS d.o.o.	Slovenia	100%
Tinde d.o.o.	Slovenia	100%
Trimo Inženjering d.o.o.	Serbia	100%
Trimo UK Ltd	UK	100%
Trimo Polska, sp. z o.o.	Poland	100%
Trimo Makedonija,DOOEL	Macedonia	100%
Trimo DE GmbH	Germany	100%
Trimo Benelux BV	The Netherlands	100%
Trimo DCS FZE (UAE)	UAE	100%
Trimo S.r.l. (in liquidation)	Italy	100%
Trimo Bulgaria, OOD	Bulgaria	70%
Trimo Slovakia spol. s.r.o	Slovakia	25%
ZEL-EN, razvojni center energetike Slovenia d.o.	Slovenia	13.59%

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

Application of IFRS 5, effective 30 June 2022, to the Engineered Foams activities which were sold to the US-based Carpenter Co. In accordance with IFRS 5, this business has been presented as discontinued operations in the consolidated income statement. Details are disclosed in note 7.2.4.7 - Discontinued operations.

7.2.3 Business and geographical segments

7.2.3.1 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

	2022 RESTATED[1]	2023
Belgium	95,783	75,159
France	89,882	83,840
The Netherlands	68,195	48,675
Germany	23,787	19,137
Slovenia	10,348	15,943
Other EU countries	104,031	105,315
European Union	**392,025**	**348,069**
United Kingdom	144,977	132,025
United States of America	26,646	21,020
Other	24,187	28,313
TOTAL	**587,834**	**529,426**

Reliance on major customers

In 2023, none of the customers represented more than 10% of total sales.

The top-10 customers of the Group represent 23.64% (2022 restated[1]: 29.8%) of total consolidated sales.

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

in thousand EUR

			ACQUISITIONS, INCLUDING OWN PRODUCTION	
	31 DEC 2022 RESTATED[1]	31 DEC 2023	2022 RESTATED[1]	2023
Belgium	41,198	40,265	7,154	6,403
France	17,846	19,362	2,983	3,848
Germany	2,483	2,523	1,105	161
Slovenia	100,493	100,773	2,685	9,879
Other EU countries	21,112	19,945	3,588	563
European Union	**183,133**	**182,868**	**17,514**	**20,854**
China	0	0	219	0
Switzerland	0	0	381	0
United Kingdom	24,141	22,984	1,980	1,048
United States of America	3,576	6,981	102	911
Other	5,854	5,719	692	182
TOTAL	**216,703**	**218,551**	**20,887**	**22,995**

In 2022 acquisition of Recticel Engineered Foams is included until 30/06/2022 (EUR 7.4 million), date on which the criteria for IFRS 5 application transfer to discontinued operations were applied.

7.2.4 Income statement

7.2.4.1 Gross profit

The gross profit decreased by 20.6% from EUR 113.4 million (restated[1]) to EUR 90.1 million.

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

General and administrative expenses increased by EUR 3.8 million to EUR 35.6 million. This increase is mainly explained by inflationary impact. The increase due to the business combination Trimo (12 months in 2023 versus 8 months in 2022) was compensated by a reduction in corporate costs.

For the same reason Sales and marketing expenses increased from EUR 28.9 million (restated[1]) to EUR 30.4 million, as well as Research and development expenses that increased from EUR 4.5 million (restated[1]) to EUR 4.6 million.

7.2.4.3 Other operating revenues and expenses

in thousand EUR

	2022 RESTATED[1]	2023
Other operating revenues	1,664	4,727
Other operating expenses	(10,516)	(11,380)
TOTAL	**(8,852)**	**(6,653)**
Restructuring charges (including site closure, onerous contracts and clean-up costs)	(890)	(3,118)
Gain (Loss) on disposal of intangible, tangible and right-of-use assets	427	61
Gain (Loss) on investment operations	95	10
IAS 19 Pensions and other similar obligations	(808)	(66)
Provisions	(1,202)	1,099
Fees consultancy and subcontractors	(1,571)	(815)
Other expenses	(6,670)	(5,147)
Other revenues	1,767	1,323
TOTAL	**(8,852)**	**(6,653)**

Other operation revenues

In 2023, other operation revenues mainly consist of Insurance premiums at Recticel's insurance captive, subventions and indemnities.

Restructuring

In 2023, reorganisation charges (EUR -3.1 million) relate to restructuring measures in Belgium, UK and Germany.

Fees consultancy and subcontractors

In 2023, this item relates to legal and advisory fees for the envisaged acquisition of Gór-Stal.

Other expenses

In 2023, the other expenses mainly relate to the intangible assets amortisation of the business combination Trimo.

7.2.4.4 Operating profit (loss)

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

in thousand EUR

	2022 RESTATED[1]	2023
Sales	587,834	529,426
Purchases and changes in inventories	(373,563)	(329,505)
Other goods and services	(98,705)	(97,930)
Labour costs	(90,164)	(82,463)
Amortisation and depreciation on non-current assets	(20,591)	(23,270)
Impairments on non-current assets	(1,047)	(293)
Amounts written back/(off) on affiliated investments	0	0
Amounts written back/(off) on inventories	(1,279)	(1,566)
Amounts written back/(off) on receivables	(168)	15
Provisions	178	1,304
Gain/(Loss) on disposal intangible and tangible assets	532	61
Gain/(Loss) on disposal on investments	(0)	
Gain/(Loss) on trade receivables	(41)	(434)
Operating taxes	(2,060)	(2,654)
Other operating expenses	(2,878)	(665)
Own production	999	1,232
Operating subsidies	731	905
Commissions and royalty income	0	691
Operating lease income	1,368	1,140
Revaluation investment property	0	
Service fees	3,051	4,018
Other operating income	34,059	12,571
Operating profit (loss)	**38,255**	**12,582**

Sales: Sales decreased by 9.9% from EUR 587.8 million to EUR 529.4 million.
The sales decrease has been driven by shrinking market volumes together with margin pressures.

Purchases and changes in inventories decreased as a result of lower sales and on average higher chemical raw materials prices.

Other goods and services comprise transportation costs (EUR 35.3 million versus EUR 35.2 million in 2022), operating lease expenses (EUR 1.9 million versus EUR 1.2 million in 2022), supplies (EUR 8.7 million versus EUR 6.7 million in 2022), fees (EUR 12.4 million versus EUR 22.1 million in 2022), repair and maintenance costs (EUR 5.2 million versus EUR 5.3 million in 2022), advertising/fairs/exhibition costs (EUR 2.5 million versus EUR 2.3 million in 2022), travel expenses (EUR 3.1 million versus EUR 2.8 million in 2022), administrative expenses (EUR 4.2 million versus EUR 4.3 million in 2022), insurance expenses (EUR 8.2 million versus EUR 5.3 million in 2022).

Labour costs increased (EUR 82.1 million versus EUR 81.1 million in 2022) mainly due to the addition of business combination Trimo for 4 months (only consolidated in 2022 as of 1/05/2022).

Amortisation and depreciation on non-current assets increased increased (EUR 23.3 million versus EUR 20.6 million in 2022)due to the amortisations and deprecations on intangible assets resulting from the PPA of the Trimo acquisition.

Other operating expenses decreased (EUR 0.7 million versus EUR 2.9 million in 2022).

Other operating income decreased (EUR 12.6 million versus EUR 34.0 million in 2022) and mainly consists of third party cost reinvoicing, Insurance premiums at Recticel's insurance captive, subventions and indemnities.

7.2.4.5 Financial result

in thousand EUR

	2022 RESTATED[1]	2023
Interest on lease liabilities	(456)	(560)
Interest on long-term bank loans	(3,160)	(3,545)
Interest on short-term bank loans & overdraft	(2,464)	(3,722)
Net interest charges on Interest Rate Swaps and Foreign Currency Swaps	462	22
Total borrowing cost	**(5,617)**	**(7,805)**
Interest income from bank deposits	33	156
Interest income from financial receivables	483	3,781
Interest income from financial receivables and cash	**516**	**3,937**
Interest charges on other debts	(34)	(63)
Interest income on other receivables	0	10
Total other interest	**(34)**	**(53)**
Interest income and expenses	**(5,135)**	**(3,921)**
Exchange rate differences	(4,876)	18
Net interest cost IAS 19	(70)	(410)
Other financial result	102	247
Total other financial result	**(4,844)**	**(144)**
Financial result	**(9,979)**	**(4,065)**

Interest cost on long and short-term bank loans have increased due to the increase in short term financial debt linked to the acquisition of Trimo and following the trend of increasing variable market interest rates. These interest charges were partially offset in 2H2023 by the interest income on the cash EUR +3.9 million.

In 2022 exchange rate differences include a EUR -6.2 million reversal of historic currency translation adjustments as a result of the liquidation of a holding company in the UK.

7.2.4.6 Income taxes

1. Income tax charges

in thousand EUR

	2022 RESTATED[1]	2023
Recognised in the income statement		
Current tax expense:		
Current year	(8,068)	(4,010)
Adjustments in respect of prior year	(1,233)	(447)
Total current tax expense[2]	**(9,301)**	**(4,457)**
Deferred tax expense:		
Origination and reversal of temporary differences and tax losses	(8,636)	7,426
Unrecongnised deferred tax assets on current year's losses	(275)	(7,311)
Recognition of deferred tax assets previously not recognised	7,540	955
Derecognition of previously recognised deferred tax assets	(5,937)	(2,387)
Effect of changes in tax rates on deferred taxes	(18)	(1,652)
Adjustments for prior periods	549	(561)
Other deferred tax expenses	125	0
Total deferred tax expense[2]	**(6,652)**	**(3,530)**
Total tax expense on continuing operations	**(15,953)**	**(7,986)**

[2] The current and deferred tax expenses decreased in 2023 compared to 2022 mainly due to the lower results and the derecognition of deferred tax assets in 2022 which resulted from the adverse one-off impact in Belgium following the change in tax legislation revising downwards the limit on the future use of tax losses.

in thousand EUR

	2022 RESTATED[1]	2023
Reconciliation of effective tax rate		
Profit (loss) before taxes - continuing operations	29,430	(1,002)
Minus income from associates		
Minus income from other associates	1,176	1,772
Minus impairment other associates		7,748
Result before tax and income from (other) associates	**30,606**	**8,517**
Group's domestic tax rate	**25.00%**	**25.00%**
Tax at the Group's domestic income tax rate	**(7,651)**	**(2,129)**
Effect of different tax rates of subsidiaries operating in different jurisdictions	1,373	188
Tax effect of non-deductible expenses	(2,582)	(1,326)
Tax effect of non-taxable income	2,323	433
Tax effect of tax incentives	222	119
Unrecognised deferred tax assets on current year's losses[2]	(275)	(7,311)
Recognition of deferred tax assets previously not recognised[3]	7,540	955
Derecognition of deferred tax assets previously recognised[4]	(5,937)	(2,387)
Effect of changes in tax rates on deferred taxes	(18)	(1,652)
Tax effect of current and deferred tax adjustments related to prior years	(683)	(1,008)
Other[5]	(10,263)	6,132
Tax expense for the year - continuing operations	**(15,953)**	**(7,986)**

[2] The unrecognised deferred tax assets on current year's losses mainly relate to tax losses incurred in Belgium and in Finland in 2023.
[3] Additional deferred tax assets have been recognised in Germany and in The Netherlands in 2022 and in Germany in 2023 as a result of increased profit expectations, including gains on the carve-out of the Engineered Foams activities.
[4] The derecognition of deferred tax assets in 2022 results from the adverse one-off impact in Belgium following the change in tax legislation revising downwards the limit on the future use of tax losses. Although this legislation was reversed in 2023, additional deferred tax assets were derecognised in Belgium in 2023 as a result of lower profit expectations.
[5] Other mainly consists of carve-out operations taxable (in 2022) / deductible (in 2023) under continuing operations while the compensating income / expense is recognised under discontinued operations and the underlying intercompany results between continuing and discontinued are eliminated in the consolidated results of the continuing and discontinued operations.

in thousand EUR

	2022 RESTATED[1]	2023
Deferred tax charged or (credited) directly to equity		
Impact of IAS 19R on equity	1,189	174
Total	**1,189**	**174**

2. Deferred tax assets and liabilities

in thousand EUR

	31 DEC 2022 RESTATED[1]			31 DEC 2023								
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET	RECOGNISED IN THE INCOME STATEMENT	RECOGNISED IN OTHER COMPREHENSIVE INCOME	ACQUIRED IN BUSINESS COMBINATIONS	TRANSFER TO DISCONTINUED OPERATIONS	TRANSLATION DIFFERENCES	OTHER	NET	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Recognised deferred tax assets and liabilities												
Intangible assets[2]	2,473	(12,742)	(10,269)	(573)	(1)	0	(185)	4	(1)	(11,025)	2,130	(13,156)
Property, plant & equipment	1,236	(6,665)	(5,429)	(25)	0	0	39	18	(1)	(5,397)	1,667	(7,064)
Investments	699	0	699	(664)	0	0	0	(8)	0	27	27	0
Receivables	1,165	(65)	1,100	20	0	0	0	(0)	(97)	1,023	1,321	(297)
Inventories	120	(47)	72	74	0	0	0	(4)	0	143	158	(15)
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0	0	0
Tax-free reserves	8	(318)	(309)	187	0	0	0	(0)	0	(123)	0	(123)
Early retirements and defined benefits	2,278	(458)	1,820	(179)	376	0	0	12	0	2,030	2,120	(90)
Provisions for other risks and charges	949	(7,935)	(6,986)	(665)	0	0	0	0	(4)	(7,654)	1,548	(9,203)
Interest-bearing borrowings and loans	2,724	(171)	2,554	(1)	0	0	(40)	(29)	(0)	2,483	2,541	(58)
Other liabilities	780	(139)	640	487	0	0	0	7	102	1,236	1,677	(440)
Tax loss carry-forwards/Tax credits[3]	17,703	0	17,703	(2,333)	0	0	0	(1)	0	15,369	15,369	(0)
Other tax attributes	209	0	209	143	0	0	0	(0)	0	352	352	0
Total	**30,344**	**(28,540)**	**1,804**	**(3,529)**	**375**	**0**	**(187)**	**0**	**0**	**(1,537)**	**28,910**	**(30,447)**
Set-off	(6,837)	6,837	0							0	(7,359)	7,359
Total (as provided in the statement of financial position)	**23,508**	**(21,704)**	**1,804**	**(3,529)**	**375**	**0**	**(187)**	**0**	**0**	**(1,537)**	**21,551**	**(23,088)**

The total net deferred tax assets decreased from EUR 1.8 million at 31 December 2022 to total net deferred tax liabilities of EUR 1.5 million at 31 December 2023. The main changes in 2023 are relating to the following items:

[2] An increase of deferred tax liabilities on intangible assets in Trimo due to the increase of the tax rate from 19% to 22% in Slovenia (impact of EUR 2 million offset by the impact of depreciations). The deferred tax liabilities relate to the step-up basis resulting from the purchase price allocation of the acquisition of Trimo.

[3] A decrease of deferred tax assets on tax loss carry-forwards primarily due to the derecognition of deferred tax assets previously recognised on losses in Belgium (impact of EUR 2.7 million).

Tax loss carry-forwards – amounts by expiration date:

in thousand EUR

	2022 RESTATED[1+2]	2023[3]
One year	0	0
Two years	0	0
Three years	0	0
Four years	0	2,180
Five years and thereafter	4,110	8,621
Without time limit	258,374	275,444
Total	**262,484**	**286,245**

[2] The increase of the amount of tax losses carried forward per 31 December 2023 compared to 31 December 2022 is primarily due to the losses incurred in Belgium in 2023 (Recticel SA – EUR 27.2 million).
[3] At 31 December 2023, EUR 15.4 million of deferred tax assets are recognized in respect of tax losses, representing EUR 60.2 million of tax losses carried forward out of a total amount of tax losses carried forward of EUR 286.2 million. Deferred tax assets in relation to losses which are not recognized relate mainly to Germany (Recticel Verwaltung - EUR 157.1 million), Belgium (Recticel NV/SA - EUR 57.3 million) and Finland (Recticel Insulation Oy – EUR 8.6 million)

Deferred tax assets recognised and unrecognised by the Group apply to the following elements as at **31 December 2023:**

in thousand EUR

	TOTAL POTENTIAL DEFERRED TAX ASSETS[2]	RECOGNISED DEFERRED TAX ASSETS[3]	NOT RECOGNISED DEFERRED TAX ASSETS
Temporary differences	17,009	13,332	3,677
Tax losses carried forward	81,923	15,369	66,554
Other tax attributes	209	209	0
Total before set-off	**99,141**	**28,910**	**70,231**

[2] The increase in total potential deferred tax assets in 2023 compared to 2022 mainly relate to losses incurred in Belgium (EUR 5.8 million) and losses and lower tax depreciations recorded in Finland (EUR 3.6 million). EUR 7.5 million of these additional deferred tax assets have not been recognized.
[3] At 31 December 2023 deferred tax assets of EUR 28.9 million are recognized mainly in Belgium (EUR 14.4 million), in Germany (EUR 3.2 million) in Slovenia (EUR 3.3 million) and in Finland (EUR 1.8 million). These deferred tax assets have been recognized as it is expected that future taxable profit will be available against which the related deductible temporary differences, unused tax losses and tax attributes can be utilized.

Deferred tax assets recognised and unrecognised by the Group apply to the following elements as at **31 December 2022 (restated[1]):**

in thousand EUR

	TOTAL POTENTIAL DEFERRED TAX ASSETS	RECOGNISED DEFERRED TAX ASSETS	NOT RECOGNISED DEFERRED TAX ASSETS
Temporary differences	15,996	12,433	3,564
Tax losses carried forward	73,830	17,703	56,127
Other tax attributes	209	209	0
Total before set-off	**90,035**	**30,344**	**59,691**

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.

3. Pillar 2

Pillar 2 legislation has been enacted or substantively enacted in certain jurisdictions the Group operates, including in Belgium where the Group is headquartered. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an impact assessment of the Group's potential future exposure to Pillar 2 income taxes.

The assessment of the potential exposure to Pillar 2 income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on this impact assessment, it is expected that the Group will qualify for the Transitional CbCR Safe Harbours tests in nearly all jurisdictions. The Group does not expect to have a material exposure to Pillar 2 income taxes in any of the jurisdictions where it is present. The Group continues to closely monitor the legislative and administrative progress in the various countries it is currently present.

IAS 12 includes a temporary exception to the requirement to recognize and disclose information about deferred tax assets and liabilities that are related to tax law that is enacted or substantively enacted to implement the Pillar 2 legislation. The Group applies this temporary exception.

7.2.4.7 Discontinued operations

For the period ending 31 December 2023

Result from discontinued operations: from EUR 49.3 million in 2022 to EUR 12.2 million in 2023.

The result from discontinued operations mainly represents:

(i) the result until 12 June 2023 of the Engineered Foams activities sold to Carpenter Co. (EUR -0.5 million);

(ii) the net capital gain on the disposal of the Engineered Foams activities sold to Carpenter Co. amounting to EUR +10.7 million and composed of the following items:
- gain on the divestment of Engineered Foams: EUR +32.2 million (including EUR 22.3 million provisions on transactions related tax exposures and indemnities
- direct attributable transaction costs: EUR -6.8 million;
- cumulative translation adjustment release in the income statement: EUR -7.5 million;
- positive result HY1 Orsa Foam (EUR +0.5 million) + impairment (EUR -6.9 million) + related costs (EUR -0.8 million)

(iii) the result of the Aquinos closing account settlement (including the release of the closing accounts provision (EUR +1.3 million)) and interest on the outstanding receivable of EUR 0.7 million.

The total result (restated) of discontinued operations in 2022 was composed of:

(i) the result of the period of the Engineered Foams activities which were sold to the Carpenter Co. (EUR +32.8 million);

(ii) the result of the first three months of 2022 of the Bedding activities (EUR +1.3 million);

(iii) the net capital gain on the disposal of the Bedding activities sold to Aquinos Group (EUR +17.9 million, including EUR 5.0 million of provisions for indemnities);

(iv) the impact of the restatement linked to the transfer from discontinued Operations to continuing Operations of The Soundcoat Company Inc. (EUR -3.5 million); and

(v) the result of the settlements related to the divestment of the Ascorium activities (EUR +0.8 million).

- *Recticel Engineered Foams (REF)*

Recticel, in a reaction to the unsolicited offer by Greiner, signed a binding agreement (see press release dd. 07 December 2021) to sell its Engineered Foams activities to US-based Carpenter Co., subject to customary closing conditions, including anti-trust clearance. Carpenter and Recticel received such clearance from the UK Competition & Markets Authority (CMA) on 12 April 2023, and have subsequently signed the divestment of the two UK Comfort foam facilities (remedies meeting CMA requirements) to GIL Investments Ltd. on 17 April 2023 (see press release dd. 28 April 2023). All conditions precedent being met, Carpenter Co. and Recticel could progress to closing the main transaction.

On 12 June 2023, following subsequent discussions and negotiations, the transaction was closed with the perimeter amended as follows:
- Retention of The Soundcoat Company Inc. providing acoustic and thermal insulation
- Retention of the 33% participation in Orsa Foam S.p.A. providing flexible foam products in Southern Europe.

In the beginning of February 2024, Carpenter claimed a supplementary payment based on their analysis of the closing accounts. In absence of an agreement between the parties a provisional price reduction was accounted for.

The enterprise value has been revised to EUR 456.4 million.

The result on the transaction discontinued operations Recticel Engineered Foams activities incl. Orsa Foam amounts to EUR 10.75 million:

in thousand EUR

	RECTICEL ENGINEERED FOAMS
Net assets as of 31/05/2023	402,137
Result 01/06/2023 - 12/06/2023	100
Total net assets (a)	**402,237**
Purchase consideration	450,000
Net debt/cash as of 31/05/2023	3,491
Working capital adjustment 31/05/2023 (incl. corrections)	1,215
Equity ticker until 12/06/2023	680
Expected tax receivable collection	1,883
Equity value (b)	**457,269**
Gain on divestment (b) - (a)	**55,032**
Directly attributable transaction costs	(6,823)
Release of currency translation costs	(7,500)
Result 01/01/2024 - 12/06/2023 excl. Orsa Foam	(547)
Gain on divestment incl. related costs/results	**40,162**
Provision indemnities	(14,000)
Provision transactional related tax exposures	(6,572)
Provision lease guarantee indemnity UK	(1,750)
Provision Closing Accounts	0
Total net result discontinued operations Recticel Engineered Foams excl. Orsa Foam	**17,840**
Equity investee value Orsa Foam as of 31/12/2022	13,491
Result 2023	540
Impairment	(6,881)
Equity investee value Orsa Foam as of 31/12/2023	7,150
Result 2023	540
Impairment	(6,881)
Provision agency contract termination	(751)
Total result discontinued operations Orsa Foam	**(7,092)**
Total net result discontinued operations Recticel Engineered Foams incl. Orsa Foam	**10,748**

The following remarks need to be taken into account in relation to the result on the transaction:

- The gain on the divestment of the Engineered Foams activities is subject to final agreement and settlement of the Completion Accounts with Carpenter.
- As is customary in M&A transactions, and as published in December 2021, the SPA agreement related to the sale of Engineered Foams to Carpenter provides for representations and warranties and specific indemnities relating to the period before closing and for which Recticel would remain liable. The liability with regard to the representation and warranties are covered by W&I insurance, but the specific indemnities remain a potential risk for Recticel. This liability is capped at 15% of the total enterprise value, or EUR 67.5 million. Recticel has evaluated the risks in this regard and has provisioned an amount of EUR 14.0 million to cover this potential risk i.e. EUR 10.0 million related to environmental risks and EUR 4.0 million to litigation/ non-compliance matters, legal proceedings and lawyer costs.
- Recticel has an outstanding (net) payable to Carpenter of EUR 11.7 million, to be paid subject to final agreement on the completion accounts.

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

in thousand EUR

Profit and loss account	RECTICEL ENGINEERED FOAMS 2022 (12 MONTHS)	RECTICEL ENGINEERED FOAMS 2023 (5 MONTHS)
Sales	**621,568**	**258,638**
Cost of sales	(507,161)	(215,596)
Gross profit (loss)	**114,407**	**43,042**
General and administrative expenses	(39,375)	(17,415)
Sales and marketing expenses	(23,554)	(10,233)
Research and development expenses	(5,527)	(3,986)
Impairment of goodwill, intangible and tangible assets	0	0
Other operating revenues	2,778	292
Other operating expenses	(16,595)	(5,048)
Income from other associates	782	0
Operating profit (loss)	**32,916**	**6,652**
Financial result	(2,507)	(2,218)
Result of the period before taxes	**30,408**	**4,434**
Income taxes	554	(4,989)
Net result of the period	**30,962**	**(555)**

The net assets of Recticel Engineered Foams as per 31 May 2023 were as follows:

in thousand EUR

Assets and liabilities	RECTICEL ENGINEERED FOAMS
Goodwill	9,984
Intangible assets	24,922
Property, plant & equipment	253,362
Right-of-use assets	28,434
Investment property	0
Investment in joint ventures and associates	0
Other financial assets	2,645
Non-current contract assets	0
Deferred tax assets	21,143
Prepaid for defined benefit plans	0
Non-current assets	**340,490**
Inventories	75,792
Trade receivables	74,266
Current contract assets	0
Other receivables and other financial assets	22,036
Income tax receivables	4,323
Other investments	0
Cash and cash equivalents	25,376
Current assets	**201,793**
TOTAL ASSETS OVER WHICH CONTROL WILL BE LOST	**542,283**
Pensions and similar obligations	15,866
Provisions	7,672
Deferred tax liabilities	26,357
Financial liabilities	25,703
Non-current contract liabilities	0
Other amounts payable	32
Non-current liabilities	**75,630**
Pensions and similar obligations	0
Provisions	469
Financial liabilities	0
Trade payables	17,022
Current contract liabilities	2,415
Income tax payables	3,422
Other amounts payable	41,188
Intercompany eliminations	0
Current liabilities	**64,517**
TOTAL LIABILITIES OVER WHICH CONTROL WILL BE LOST	**140,146**
NET ASSETS TO BE DISPOSED OF	**402,137**

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

in thousand EUR

Cash flows	RECTICEL ENGINEERED FOAMS 2022 (12 MONTHS)	2023 (5 MONTHS)
Net cash flow from operating activities relating to discontinued operations	5,232	10,887
Net cash flow from divestment/(investment) activities relating to discontinued operations	(32,087)	(4,141)
Net cash flow from financing activities relating to discontinued operations	(9,200)	(6,645)
Effect of exchange rate differences	(9)	(172)
Total cash flow from discontinued operations	**(36,065)**	**(72)**

- *Bedding*

  On 31 March 2022, the Group has completed the divestment of its Bedding division to Aquinos Industry SA resulting in outstanding receivable on 31 December 2022 from Recticel on Aquinos Industry SA of EUR 25.2 million of which EUR 22.2 million related to the closing accounts.

  On 9 June 2023 both parties reached a settlement agreement on the closing accounts resulting in a decrease of Recticel's outstanding receivable with EUR 1.1 million to EUR 21.2 million. Consequently the closing account provision of EUR 2.4 million was released resulting in a gain of EUR 1.3 million. At 31/12/2023 the outstanding receivable (including interests) amounted to EUR 12.9 million.

- *TEMDA2 GmbH (formerly Automotive Interiors)*

  Based on the FY2023 and the B2024 figures, a full impairment of the participation value i.e. EUR 7.7 million was made. As per 31 December 2023 Recticel's investment in TEMDA2 (Investment in other associates) amounted to zero.

  The put/call structure on the remaining 49% participation in the Automotive joint venture TEMDA2/Ascorium, amounted to zero (same as per 31 December 2022).

  Vendor loan (receivable) including accumulated interest amounted to EUR 11.5 million, due date 2027 (see also note 7.2.1.3).

7.2.4.8 Dividends

Amounts recognised as distributions to equity holders in the period.

Dividend for the period ending 31 December 2023 of EUR 0.31 per share.

Proposed stable dividend for the period ending 31 December 2023 of EUR 0.31 per share, leading to a total pay-out of EUR 17,431,585 (2022: EUR 17,424,610), including the portion attributable to the treasury shares (326,800 in total per 31 December 2023).

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.

7.2.4.9 Basic earnings per share

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

in thousand EUR

	2022 RESTATED[1]	2023
Net profit (loss) for the period	**62,776**	**3,165**
Net profit (loss) from continuing operations	13,478	(8,989)
Net profit (loss) from discontinued operations	49,298	12,154
Weighted average shares outstanding		
Ordinary shares on 01 January (excluding treasury shares*)	55,636,620	55,881,620
Exercised subscription rights	245,000	22,500
Ordinary shares on 31 December (excluding treasury shares*)	55,881,620	55,904,120
Weighted average shares outstanding	**55,799,134**	**55,897,911**
* Number of treasury shares held per 31 December	326,800	326,800

in EUR

	2022 RESTATED[1]	2023
Basic earnings per share	**1.13**	**0.06**
Basic earnings per share from continuing operations	0.24	(0.16)
Basic earnings per share from discontinued operations	0.88	0.22

7.2.4.10 Diluted earnings per share

Computation of the diluted earnings per share:

in thousand EUR

	2022 RESTATED[1]	2023
Dilutive elements		
Net profit (loss) from continuing operations	13,478	(8,989)
Net profit (loss) from discontinued operations	49,298	12,154
Profit (loss) attributable to ordinary equity holders of the parent entity including assumed conversions	**62,776**	**3,165**
Weighted average ordinary shares outstanding	**55,799,134**	**55,897,911**
Stock option plans - subscription rights[2]	887,680	613,312
Weighted average shares for diluted earnings per share	**56,686,814**	**56,511,223**

in EUR

	2022 RESTATED[1]	2023
Diluted earnings per share	**1.11**	**0.06**
Diluted earnings per share from continuing operations	0.24	(0.16)
Diluted earnings per share from discontinued operations	0.87	0.22

[2] Per 31 December 2023, all outstanding subscription right plans as from April 2016 are in-the-money except for the subscription plans of May 2022. The outstanding subscription right plans which are out-of-the-money are disclosed as anti-dilutive.

7.2.5 Statement of financial position

7.2.5.1 Intangible assets

For the year ending 31 December 2023:

in thousand EUR

	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	153	64,712	39,066	12,318	5,033	121,282
Accumulated amortisation	(153)	(21,326)	(6,391)	(9,074)	(53)	(36,997)
Accumulated impairment	0	(6,316)	0	0	(612)	(6,928)
Net book value at the end of the preceding period	**0**	**37,070**	**32,675**	**3,244**	**4,368**	**77,357**
Movements during the period						
Business combinations	0	0	0	0	0	0
Acquisitions	0	46	0	860	1,835	2,742
Amortisation	0	(3,702)	(3,115)	(780)	0	(7,596)
Impairments	0	0	0	0	(185)	(185)
Sales and scrapped	0	(42)	(14)	0	(568)	(624)
Transfers from one heading to another	0	1,942	(6)	0	(1,937)	0
Transfer to discontinued operations	0	(0)	227	0	(1,855)	(1,628)
Exchange rate differences	0	3	24	0	2	28
At the end of the current period	**0**	**35,317**	**29,792**	**3,324**	**1,660**	**70,094**
Gross book value	0	62,712	38,668	13,122	2,510	117,011
Accumulated amortisation	0	(21,090)	(8,875)	(9,798)	(53)	(39,816)
Accumulated impairment	0	(6,304)	0	0	(797)	(7,101)
Net book value at the end of the period	**0**	**35,317**	**29,792**	**3,324**	**1,660**	**70,094**
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	

Reference is also made to note 7.2.1.4 - Major sources of estimation uncertainty and key judgments.

For the year ending 31 December 2022:

in thousand EUR

	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	153	57,195	25,997	1,593	5,955	90,893
Accumulated amortisation	(153)	(38,585)	(8,611)	(1,564)	(102)	(49,014)
Accumulated impairment	0	(6,322)	0	0	(612)	(6,934)
Net book value at the end of the preceding period	**0**	**12,288**	**17,386**	**29**	**5,242**	**34,945**
Movements during the period						
Business combinations	0	34,561	34,811	3,471	0	72,843
Acquisitions	0	92	17	417	2,836	3,362
Amortisation	0	(3,763)	(2,954)	(649)	0	(7,365)
Impairments	0	(3)	0	0	0	(3)
Sales and scrapped	0	0	0	0	0	0
Transfers from one heading to another	0	2,546	11	(7)	(2,572)	(22)
Transfer to discontinued operations	0	(8,819)	(16,996)	(17)	(1,135)	(26,966)
Exchange rate differences	0	167	400	0	(3)	564
At the end of the current period	**0**	**37,070**	**32,675**	**3,244**	**4,368**	**77,357**
Gross book value	153	64,712	39,066	12,318	5,033	121,282
Accumulated amortisation	(153)	(21,326)	(6,391)	(9,074)	(53)	(36,997)
Accumulated impairment	0	(6,316)	0	0	(612)	(6,928)
Net book value at the end of the period	**0**	**37,070**	**32,675**	**3,244**	**4,368**	**77,357**
Useful life (in years)	3-5	3-10	5-10	5 maximum	n.a.	

Reference is also made to note 7.2.1.4 - Major sources of estimation uncertainty and key judgments

The acquisitions (EUR 0.2 million) and amortisation movements (EUR -2.0 million) contain the impact of the operations Recticel Engineered Foams until 30/06/2022. As of this date the amounts are transferred to discontinued operations.

In **2022**, the item ‘Business combinations’ relates to the acquisition of Trimo. Total acquisition of intangible assets amounted to EUR 3.4 million.

7.2.5.2 Goodwill

For the year ending 31 December 2023:

in thousand EUR

	GOODWILL
At the end of the period	
Gross book value	79,366
Accumulated amortisation	(16,148)
Net book value at the end of the preceding period	**63,218**
Movements during the period	
Business combinations	0
Impairments	0
Sales and scrapped	0
Transfers from one heading to another	6
Transfer to discontinued operations	(809)
Exchange rate differences	(6)
At the end of the current period	**62,409**
Gross book value	76,883
Accumulated amortisation	(14,474)
Net book value at the end of the period	**62,409**

For the year ending 31 December 2022:

in thousand EUR

	GOODWILL
At the end of the preceding period	
Gross book value	44,257
Accumulated amortisation	(30,537)
Net book value at the end of the preceding period	**13,721**
Movements during the period	
Business combinations	59,102
Impairments	0
Sales and scrapped	0
Transfers from one heading to another	0
Transfer to discontinued operations	(9,446)
Exchange rate differences	(159)
At the end of the current period	**63,218**
Gross book value	79,366
Accumulated amortisation	(16,148)
Net book value at the end of the period	**63,218**

Reference is also made to note 7.2.4.7 - Discontinued operations.

7.2.5.3 Property, plant & equipment

For the year ending 31 December 2023:

in thousand EUR

	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	96,907	154,288	13,115	0	160	6,511	273,425
Accumulated depreciation	(29,731)	(118,699)	(10,521)	0	(97)	0	(161,491)
Accumulated impairments	(263)	(181)	0	0	0	0	(443)
Net book value at the end of the preceding period	**66,914**	**35,409**	**2,595**	**0**	**63**	**6,511**	**111,491**
Movements during the year							
Business combinations	0	0	0	0	0	0	0
Acquisitions	1,454	1,179	217	0	0	16,368	19,217
Depreciation	(3,177)	(7,122)	(902)	0	(32)	0	(11,233)
Impairments	(99)	(9)	0	0	0	(12)	(120)
Sales and scrapped	(185)	(21)	(3)	(0)	(7)	0	(216)
Transfers from one heading to another	1,519	7,387	628	0	0	(9,813)	(280)
Transfer to discontinued operations	1,421	0	(40)	0	0	(0)	1,380
Exchange rate differences	396	33	2	0	0	17	448
At the end of the current period	**68,242**	**36,856**	**2,496**	**0**	**24**	**13,069**	**120,687**
Gross value	101,445	143,950	13,648	0	116	13,069	272,866
Accumulated depreciation	(32,875)	(106,911)	(11,152)	0	(92)	0	(151,668)
Accumulated impairments	(328)	(183)	0	0	0	0	(511)
Net book value at the end of the period	**68,242**	**36,856**	**2,496**	**0**	**24**	**13,069**	**120,687**

Reference is also made to note 7.2.1.4 - Major sources of estimation uncertainty and key judgments, note 7.2.4.7 - Discontinued operations.

At 31 December 2023 Assets under construction mainly relate to Turvac and Recticel Insulation France.

At 31 December 2023, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting mainly in Slovenia to EUR 2.1 million (2022: EUR 5.5 million).

For the year ending 31 December 2022 restated[1]:

in thousand EUR

	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	299,193	457,232	28,753	0	204	15,689	801,070
Accumulated depreciation	(102,916)	(360,418)	(22,363)	(0)	(139)	0	(485,836)
Accumulated impairments	(304)	(1,524)	0	0	0	0	(1,828)
Net book value at the end of the preceding period	**195,972**	**95,290**	**6,390**	**0**	**65**	**15,689**	**313,406**
Movements during the year							
Business combinations	22,846	11,473	0	0	249	304	34,873
Acquisitions	1,362	1,780	286	0	0	11,356	14,783
Depreciation	(5,941)	(13,902)	(1,603)	0	(4)	0	(21,450)
Impairments	0	(57)	0	0	0	0	(57)
Sales and scrapped	(13,983)	(330)	(26)	0	(242)	0	(14,581)
Transfers from one heading to another	800	3,264	738	0	0	(4,635)	166
Transfer to discontinued operations	(135,327)	(62,693)	(3,226)	0	(4)	(16,194)	(217,445)
Exchange rate differences	1,185	584	36	0	(1)	(9)	1,796
At the end of the current period	**66,914**	**35,409**	**2,595**	**0**	**63**	**6,511**	**111,491**
Gross value	96,907	156,732	13,115	0	160	6,511	273,425
Accumulated depreciation	(29,731)	(121,142)	(10,521)	0	(97)	0	(161,491)
Accumulated impairments	(263)	(181)	0	0	0	0	(443)
Net book value at the end of the period	**66,914**	**35,409**	**2,595**	**0**	**63**	**6,511**	**111,491**

Reference is also made to note 7.2.1.4 - Major sources of estimation uncertainty and key judgments, note 7.2.4.7 - Discontinued operations.

The acquisitions (EUR 5.5 million) and depreciation movements (EUR -10.6 million) contain the impact of the operations Recticel Engineered Foams until 30/06/2022. As of this date the amounts are transferred to discontinued operations.

In **2022**, the item ‘Business combinations’ relates to the acquisition of Trimo. Total acquisitions of tangible assets amounted to EUR 14.7 million.

Assets under construction mainly relate to Belgium (EUR 3.6 million), France (EUR 1.1 million), Slovenia (EUR 0.9 million) and United Kingdom (EUR 0.8 million). At 31 December 2022, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting mainly in Belgium to EUR 5.5 million.

7.2.5.4 Right-of-use assets

For the year ending 31 December 2023:

in thousand EUR

	LAND AND BUILDINGS	PLANT, MACHINERY & EQUIPMENT	FURNITURE AND VEHICLES	TOTAL
At the end of the preceding period				
Gross value	46,656	1,803	5,355	53,814
Accumulated depreciation	(20,591)	(1,279)	(3,092)	(24,963)
Accumulated impairments	(1,109)	0	0	(1,109)
Net book value at the end of the preceding period	**24,956**	**523**	**2,263**	**27,742**
Movements during the year				
Business combinations	0	0	0	0
Adjustment for reassessment of assumptions on dismantling and restoration costs	0	0	0	0
New leases	466	29	541	1,036
Lease reassessment	4,719	143	(39)	4,823
Depreciation	(3,248)	(312)	(846)	(4,406)
Impairments	0	0	0	0
Ended contracts	(506)	10	(634)	(1,131)
Transfers from one heading to another	46	(46)	0	(0)
Transfer to discontinued operations	(160)	(0)	(1)	(161)
Exchange rate differences	(138)	(1)	7	(132)
At the end of the period	**26,135**	**345**	**1,291**	**27,771**
Gross value	50,599	995	2,977	54,571
Accumulated depreciation	(23,582)	(650)	(1,686)	(25,917)
Accumulated impairments	(883)	0	0	(883)
Net book value at the end of the period	**26,135**	**345**	**1,291**	**27,771**
Contractual tenor (in years)	6 - 12	3 - 12	4	

Reference is also made to note 7.2.4.7. - Discontinued operations.

The weighted average underlying incremental borrowing rate of the right-of-use asset agreements per 31 December 2023 was 3.16% (1.48% per 31 December 2022).

For the year ending 31 December 2022 restated[1]:

in thousand EUR

	LAND AND BUILDINGS	PLANT, MACHINERY & EQUIPMENT	FURNITURE AND VEHICLES	TOTAL
At the end of the preceding period				
Gross value	83,434	7,993	11,346	102,773
Accumulated depreciation	(28,325)	(4,774)	(6,676)	(39,775)
Accumulated impairments	(349)	(46)	0	(395)
Net book value at the end of the preceding period	**54,760**	**3,173**	**4,671**	**62,603**
Movements during the year				
Business combinations	0	295	70	365
Adjustment for reassessment of assumptions on dismantling and restoration costs	0	0	0	0
New leases	370	1,346	1,027	2,742
Lease reassessment	1,157	201	555	1,914
Depreciation	(5,042)	(1,120)	(2,035)	(8,197)
Impairments	(987)	0	0	(987)
Ended contracts	(126)	0	(304)	(430)
Transfers from one heading to another	110	(169)	636	577
Transfer to discontinued operations	(25,387)	(3,169)	(2,317)	(30,874)
Exchange rate differences	100	(34)	(38)	28
At the end of the period	**24,956**	**523**	**2,263**	**27,742**
Gross value	46,656	1,803	5,355	53,814
Accumulated depreciation	(20,591)	(1,279)	(3,092)	(24,963)
Accumulated impairments	(1,109)	0	0	(1,109)
Net book value at the end of the period	**24,956**	**523**	**2,263**	**27,742**
Contractual tenor (in years)	6 - 12	3 - 12	4	

Reference is also made to note 7.2.4.7 - Discontinued operations.

The new leases (EUR 1.7 million) and depreciation movements (EUR -4.5 million) contain the impact of the operations Recticel Engineered Foams until 30/06/2022. As of this date the amounts are transferred to discontinued operations.

The weighted average underlying incremental borrowing rate of the right-of-use asset agreements per 31 December 2022 was 1.48%.

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

in thousand EUR

	2022 RESTATED[1]	2023
Low value leases	4	3
Short term leases		
Services under leases	1,227	1,903
Other considerations	0	
Total leases	**1,231**	**1,906**

7.2.5.5 Subsidiaries, joint ventures, associates and other associates

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

1. SUBSIDIARIES CONSOLIDATED ACCORDING TO THE FULL CONSOLIDATION METHOD

% shareholding in

		31 DEC 2022	31 DEC 2023
Bulgaria			
Trimo Bulgaria OOD	Kan Asparu str. 7, Triaditza District - Sofia City	70.00 (b)	70.00 (c)
Belgium			
SC sous forme de SA Balim BV onder vorm van NV	Bourgetlaan 42 - 1130 Haren	100.00	100.00
Finapal NV/SA	Bourgetlaan 42 - 1130 Haren	100.00	100.00
Recticel International Services NV/SA	Bourgetlaan 42 - 1130 Haren	100.00	100.00
Recticel Engineered Foams Belgium NV/SA	Culliganlaan 2F - 1831 Machelen	100.00 (a)	-
China			
Recticel Foams (Shanghai) Co Ltd	525, Kang Yi Road, Kangyiao Industrial Zone - 201315 Shanghai	100.00 (a)	-
Recticel Flexible Foam (Wuxi) Co, Ltd.	No 30, Qanquan Road; Xishan Economic and Technological Dev Zone - Wuxi City	100.00 (a)	-
FoamPartner Polyurethane Materials (Changzhou) Co., Ltd.	330, Huanghe Road (West) - Changzhou City - 213000 Changzhou	100.00 (a)	-
FoamPartner Trading (Shanghai) Ltd	HiTech Plaza 2410, No. 488 Wuning Rd (South) - 200042 Shanghai	100.00 (a)	-
Estonia			
Recticel ou	Peterburi tee 48a - 11415 Talinn	100.00 (a)	-
Finland			
Recticel oy	Nevantie 2 - 45100 Kouvola	100.00 (a)	-
Recticel Insulation oy	Gneissitie 2 - 04600 Mäntsälä	100.00	100.00
France			
Recticel SAS	71, avenue de Verdun - 77470 Trilport	100.00 (a)	-
Recticel Insulation SAS	1, rue Ferdinand de Lesseps - 18000 Bourges	100.00	100.00
Frina Mousse France SARL (in liquidation/in liquidatie)	1 Rue Jasmin - 68270 Wittenheim	100.00	100.00

		% shareholding in	
		31 DEC 2022	31 DEC 2023
Germany			
Recticel Deutschland Beteiligungs GmbH	Adolfstrasse 1 - 65185 Wiesbaden	100.00	100.00
Recticel Grundstücksverwaltung GmbH	Adolfstrasse 1 - 65185 Wiesbaden	100.00	100.00
Recticel Engineered Foams GmbH	Schlaraffiastrasse 1-10 - 44867 Bochum 6 - Wattenscheid	100.00 (a)	-
Recticel Verwaltung GmbH & Co. KG	Adolfstrasse 1 - 65185 Wiesbaden	100.00	100.00
Trimo DE GmbH	Regus Office Center - Stadttor Ost, Rudolf-Diesel-Strasse 11 - 69115 Heidelberg	100.00 (b)	100.00
Luxembourg			
Recticel RE SA	23 Avenue Monterey - 2163 Luxembourg	100.00	100.00
Recticel Luxembourg SA	23 Avenue Monterey - 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 (a)	-
Macedonia			
Trimo Makedonija DOOEL	ul. Belasica broj 2, Skopski saem - 1000 Skopje	100.00 (b)	100.00
Morroco			
Recticel Maroc s.à.r.l.a.u.	Ilot K, Module 4, Atelier 2 - Zone Franche d'Exportation de Tanger	100.00 (a)	-
The Netherlands			
Recticel BV	Wanraaij 4 - 6673 DN Andelst	100.00	100.00
Recticel Engineered Foams Netherlands BV	Spoorstraat 69 - 4041 CL Kesteren	100.00 (a)	-
Recticel International BV	Wanraaij 4 - 6673 DN Andelst	100.00	100.00
Trimo Benelux BV	Dorpstraat 63 - 5761 BM Bakel	100.00 (b)	100.00
Norway			
Recticel AS	Øysand - 7224 Mehus	100.00 (a)	-
Poland			
Recticel Insulation Materials sp. z o.o.	ul. Lakowa 29 - 90-554 Lodz	100.00	100.00
Recticel International Services sp.z o.o.	ul. Lakowa 29 - 90-554 Lodz	100.00	100.00
Trimo Polska sp. z o.o.	ul. Obrzezna 5 - 02-691 Warsaw	100.00 (b)	100.00
Serbia			
Trimo Inženjering d.o.o.	Novo naselje 9 - 22310 Simanovci	100.00 (b)	100.00
Singapore			
FoamPartner Singapore Pte. Ltd	8, Ubi Road 2 - #07-21 Zervex	100.00 (a)	-

		% shareholding in	
		31 DEC 2022	31 DEC 2023
Slovakia			
Trimo Slovakia spol s.r.o.	Lovinského 4653 - 81104 Bratislava	25.00 (b)	25.00
Slovenia			
Trimo d.o.o.	Prijateljeva cesta 12 - 8210 Trebnje	100.00 (b)	100.00
Trimo MSS d.d.	Prijateljeva cesta 12 - 8210 Trebnje	100.00 (b)	100.00
Tinde d.o.o.	Prijateljeva cesta 12 - 8210 Trebnje	100.00 (b)	100.00
Turvac d.o.o.	Primorska 6b, 3325 Šoštanj	74.00	74.00
ZEL-EN, razvojni center energetike d.o.o.	Vrbina 18 - 8270 Krško	13.59 (b)	13.59
Sweden			
Recticel AB	Södra Storgatan 50 b.p. 507 - 33228 Gislaved	100.00 (a)	-
Recticel Insulation Sweden AB	Torsgatan 2 - 11175 Stockholm	100.00	100.00
Spain			
Recticel Iberica s.l.	P.I. Concentració Ind. Vallesana, Avda. Riu Mogent 6 - 08170 Montornès del Vallès	100.00 (a)	-
Switzerland			
Recticel Engineered Foams Switzerland AG	Oberwolfhauserstrasse 9 - 8633 Wolfhausen	100.00 (a)	-
FoamPartner Holding AG	c/o Sielva Management SA - Gubelstrasse 11 - 6300 Zug	100.00 (a)	-
Turkey			
Recticel Teknik Sünger Izolasyon Sanayi ve Ticaret a.s.	Orta Mahalle, 30 - 34956 Istanbul	100.00 (a)	-
United Kingdom			
Gradient Insulations (UK) Limited	Blue Bell Close Clover Nook Industrial Park - Alfreton DE554RD	100.00	100.00
Recticel (UK) Limited	Blue Bell Close Clover Nook Industrial Park - Alfreton DE554RD	100.00	- (d)
Recticel Limited	Blue Bell Close Clover Nook Industrial Park - Alfreton DE554RD	100.00 (a)	-
Recticel Engineered Foams Corby Limited	83/84 Manton Road Earlstrees Industrial Estate - Corby NN174JL	100.00 (a)	-
Recticel Insulation UK Limited	Enterprise way Whittle Road, Meir Park - Stoke-on-Trent ST37UN	100.00	100.00
Trimo UK Limited	Highview House 1st Floor, Tottenham Cresent, Epson - Surrey KT185QJ	100.00 (b)	100.00
United States of America			
FoamPartner Americas Inc	2923 Technology Drive - Rochester Hills, MI 48309	100.00 (a)	-
The Soundcoat Company, Inc	Burt Drive 1 PO Box 25990 - NY 11729 Deer Park, County of Suffolk	100.00	100.00
United Arab Emirates			
Trimo DCS FZE	Fujairah Free Zone 2 - Fujairah	100.00 (b)	100.00

(a) Entity part of the disposal of the Recticel Engineered Foams activities
(b) Entity part of the acquisition of Trimo
(c) Liquidated 31 December 2023
(d) Dissolved 28 February 2023

Significant restrictions to realise assets or settle liabilities

Recticel NV/SA, or some of its subsidiaries have provided guarantees for (i) an aggregate amount of EUR 1.2 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) an aggregate amount of EUR 46.8 million in favour of Carpenter.

Recticel NV/SA also provides guarantees and comfort letters (for a total amount of EUR 33.5 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 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 Insulation OY: EUR 15.5 million in the framework of a real estate investment loan;

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

The gross dividend over 2023 – to be paid in 2024 – proposed to the Annual General Meeting amounts to EUR 0.31 per share, leading to a total dividend pay-out of EUR 17.4 million (excluding treasury shares). This amount is higher than the above-mentioned maximum pay-out limit and consequently a waiver was requested and granted.

2. ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

		% shareholding in 31 DEC 2022	31 DEC 2023
Germany			
Proseat Europe GmbH	Gut Hochschloss 1 - 82396 Pähl	49.00	49.00
Italy			
Orsa Foam S.p.a.	Via A. Colombo 60 - 21055 Gorla Minore (VA)	33.00	- (a)

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

Recticel NV/SA also provides guarantees and comfort letters, for a total amount of EUR 45.0 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 TEMDA2 GmbH: EUR 25.0 million;
- on behalf of various Automotive Interiors companies: EUR 20.0 million.

3. NON-CONSOLIDATED ENTITIES

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

		% shareholding in 31 DEC 2022	31 DEC 2023
China			
Recticel Shanghai Ltd	No. 518, Fute North Road, Waigaoqiao Free Trade Zone - 200131 Shanghai	100.00 (a)	-

7.2.5.6 Interests in joint ventures, associates and other associates

A list of the significant investments in joint ventures and associates is included in note 7.2.5.5.

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

in thousand EUR

	JOINT VENTURES	ASSOCIATES	OTHER ASSOCIATES	31 DEC 2022	JOINT VENTURES	ASSOCIATES	OTHER ASSOCIATES	31 DEC 2023
At the end of the preceding period	**0**	**12,709**	**10,361**	**23,070**	**0**	**0**	**9,520**	**9,520**
Movements during the year								
Capital increase	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Remeasurement gains/losses on defined benefit plans	0	0	0	0	0	0	0	0
Income tax relating to components of other comprehensive income	0	0	0	0	0	0	0	0
Other comprehensive income net of tax	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Group's share in the result for the period	0	782	(841)	(59)	0	0	(1,772)	(1,772)
Translation differences	0	0	0	0	0	0	0	0
Comprehensive income for the period	**0**	**782**	**(841)**	**(59)**	**0**	**0**	**(1,772)**	**(1,772)**
Dividends distributed	0	0	0	0	0	0	0	0
Change in scope	0	0	0	0	0	0	0	0
Reclassification to assets held for sale	0	(13,491)	0	(13,491)	0	0	0	0
Impairment	0	0	0	0	0	0	(7,748)	(7,748)
Other	0	0	0	0	0	0	0	0
At the end of the period	**0**	**0**	**9,520**	**9,520**	**0**	**0**	**(0)**	**0**

In **2023**, based on the FY2023 and the B2024 figures, a full impairment of the TEMDA2 participation value i.e. EUR 7.7 million was made. As per 31 December 2023 Recticel's investment in TEMDA2 (Investment in other associates) amounted to zero. As Recticel's investment in TEMDA2 is reduced to zero as a result of an impairment, additional losses are recognized by a liability only to the extent that Recticel has legal or constructive obligations or made payments on behalf of TEMDA2. As Recticel does not have such obligation, further losses of TEMDA2 did not result in an additional loss in the consolidated accounts of Recticel. (only if no legal or constructive obligations).

In **2022**, Orsa Foam has been reclassified to assets held for sale and Proseat has been fully divested in April 2022 through the exercise of the put option.

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

in thousand EUR

	ASSOCIATES		OTHER ASSOCIATES	
	ORSA FOAM		TEMDA2	
	31 DEC 2022	31 DEC 2023	31 DEC 2022	31 DEC 2023
Aggregated figures (sum of individual company ledgers before eliminations)				
Non-current assets	0	0	57,514	66,757
Current assets	0	0	67,733	71,126
Total assets	**0**	**0**	**125,247**	**137,883**
Non-current liabilities	0	0	(52,492)	(45,970)
Current liabilities	0	0	(47,371)	(76,101)
Total liabilities	**0**	**0**	**(99,863)**	**(122,071)**
Net equity	**0**	**0**	**25,384**	**15,812**
Revenue	**0**	**0**	**146,769**	**143,216**
Profit (loss) of the period	**0**	**0**	**(2,400)**	**(20,794)**

In 2023 Recticel divested its 33% participation Orsa Foam srl to its joint venture partner Orsa srl. In 2022 Orsa Foam was part of the Recticel Engineered Foams activities. Due to the application of IFRS 5 Orsa Foam was reported under discontinued operations.
Proseat has been fully divested in April 2022 through the exercise of the put option.

in thousand EUR

	ORSA FOAM		TEMDA2	
	31 DEC 2022	31 DEC 2023	31 DEC 2022	31 DEC 2023
Net equity (Group share)	**0**	**0**	**12,438**	**7,748**
Reversal of real estate revaluation	0	0	0	0
Corrections on opening balance	0	0	(2,918)	0
Impairment	0	0	0	(7,748)
Carrying amount of interests in associate	**0**	**0**	**9,520**	**0**

In 2023 Recticel divested its 33% participation Orsa Foam srl to its joint venture partner Orsa srl. In 2022 Orsa Foam was part of the Recticel Engineered Foams activities. Due to the application of IFRS 5 Orsa Foam was reported under assets classified as held for sale.
Proseat has been fully divested in April 2022 through the exercise of the put option.

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

7.2.5.7 Other financial assets

in thousand EUR

	31 DEC 2022 RESTATED[1]	31 DEC 2023
Financial investments	**500**	**500**
Loans to affiliates	11,068	11,523
Other loans	219	2,517
Non-current financial receivables	**11,287**	**14,041**
Cash advances and deposits	228	200
Other receivables	312	329
Non-current other receivables	**540**	**529**
Derivatives - Option valuation	(2)	0
Total	**12,326**	**15,070**

The item 'Loans to affiliates' relates mainly to a loan to TEMDA2 (EUR 11.5 million). The item 'Other loans' relates to loans granted by Recticel NV/SA EUR 2.4 million to Orsa Foam related to the payment plan linked to the sale of the participation and by Recticel Insulation SAS (France) EUR 0.2 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, ...).

7.2.5.8 Inventories

in thousand EUR

	31 DEC 2022 RESTATED[1]	31 DEC 2023
Raw materials & supplies - Gross	41,211	31,528
Raw materials & supplies - Amounts written off	(735)	(1,277)
Raw materials & supplies	**40,476**	**30,251**
Work in progress - Gross	980	904
Work in progress - Amounts written off	(16)	(7)
Work in progress	**963**	**897**
Finished goods - Gross	15,066	12,226
Finished goods - Amounts written off	(294)	(273)
Finished goods	**14,771**	**11,953**
Traded goods - Gross	1,385	727
Traded goods - Amounts written off	(362)	(236)
Traded goods	**1,022**	**491**
Down payments - Gross	113	99
Down payments - Amounts written off	0	0
Down payments	**113**	**99**
Contracts in progress - Gross	0	0
Contracts in progress - Gross - Moulds	0	0
Contracts in progress	**0**	**0**
Total inventories	**57,346**	**43,692**
Amounts written-off on inventories during the period	(2,534)	(1,886)
Amounts written-back on inventories during the period	1,862	320

Total inventories in 2023 decreased due to a combination of lower activities in the second half of 2023 and working capital optimisation.

7.2.5.9 Contract assets and contract liabilities

The following schedule presents the overview of contract assets and liabilities following application of IFRS 15 in 2022 and includes both the impact of the opening balance and the movements of the period.

For the year ending 31 December 2023:

in thousand EUR

	OPENING BALANCE	CONSIDERATION PAYABLE TO CUSTOMERS	RELEASE TO INCOME STATEMENT	RECLASSIFICATION	EXCHANGE RATE DIFFERENCES	TRANSFER TO DISCONTINUED OPERATIONS	CHANGE IN SCOPE	CLOSING BALANCE AT THE END OF THE PERIOD
Non-current contract assets - Consideration payable to a customer	0	0	0	0	0	0	0	0
Non-current contract assets - Contracts in progress Moulds	0	0	0	0	0	0	0	0
Non-current contract assets - Contracts in progress Tooling & Packaging	0	0	0	0	0	0	0	0
Non-current contract assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Current contract assets - Consideration payable to a customer	0	0	0	0	0	0	0	0
Current contract assets - Contracts in progress Moulds	0	0	0	0	0	0	0	0
Current contract assets - Contracts in progress Tooling & Packaging	0	0	0	0	0	0	0	0
Current contract assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total contract assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-current contract liabilities - Mould revenue recognition before SOP (start of production)	0	0	0	0	0	0	0	0
Non-current contract liabilities - Mould revenue recognition after SOP (start of production)	0	0	0	0	0	0	0	0
Non-current contract liabilities - Tooling & Packaging revenue recognition before SOP (start of production)	0	0	0	0	0	0	0	0
Non-current contract liabilities - Tooling & Packaging revenue recognition after SOP (start of production)	0	0	0	0	0	0	0	0
Non-current contract liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Contract liabilities - Expected rebates and volume discounts	7,587	0	1,138	(805)	116	0	0	8,037
Contract liabilities - Long term agreements	0	0	0	0	0	0	0	0
Contract liabilities - Moulds revenue recognition	0	0	0	0	0	0	0	0
Contract liabilities - Tooling & Packaging revenue recognition	0	0	0	0	0	0	0	0
Current contract liabilities	**7,587**	**0**	**1,138**	**(805)**	**116**	**0**	**0**	**8,037**
Total contract liabilities	**7,587**	**0**	**1,138**	**(805)**	**116**	**0**	**0**	**8,037**

For the year ending 31 December 2022:

in thousand EUR

	OPENING BALANCE	CONSIDERATION PAYABLE TO CUSTOMERS	RELEASE TO INCOME STATEMENT	RECLASSIFICATION	EXCHANGE RATE DIFFERENCES	TRANSFER TO DISCONTINUED OPERATIONS	CHANGE IN SCOPE	CLOSING BALANCE AT THE END OF THE PERIOD
Non-current contract assets - Consideration payable to a customer	0	0	0	0	0	0	0	0
Non-current contract assets - Contracts in progress Moulds	0	0	0	0	0	0	0	0
Non-current contract assets - Contracts in progress Tooling & Packaging	0	0	0	0	0	0	0	0
Non-current contract assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Current contract assets - Consideration payable to a customer	0	0	0	0	0	0	0	0
Current contract assets - Contracts in progress Moulds	0	0	0	0	0	0	0	0
Current contract assets - Contracts in progress Tooling & Packaging	0	0	0	0	0	0	0	0
Current contract assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total contract assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-current contract liabilities - Mould revenue recognition before SOP (start of production)	0	0	0	0	0	0	0	0
Non-current contract liabilities - Mould revenue recognition after SOP (start of production)	0	0	0	0	0	0	0	0
Non-current contract liabilities - Tooling & Packaging revenue recognition before SOP (start of production)	0	0	0	0	0	0	0	0
Non-current contract liabilities - Tooling & Packaging revenue recognition after SOP (start of production)	0	0	0	0	0	0	0	0
Non-current contract liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Contract liabilities - Expected rebates and volume discounts	9,081	0	(202)	272	(267)	(2,145)	848	7,587
Contract liabilities - Long term agreements	0	0	0	0	0	0	0	0
Contract liabilities - Moulds revenue recognition	0	0	0	0	0	0	0	0
Contract liabilities - Tooling & Packaging revenue recognition	0	0	0	0	0	0	0	0
Current contract liabilities	**9,081**	**0**	**(202)**	**272**	**(267)**	**(2,145)**	**848**	**7,587**
Total contract liabilities	**9,081**	**0**	**(202)**	**272**	**(267)**	**(2,145)**	**848**	**7,587**

The decrease of the contract liabilities is mainly explained by the transfer to discontinued of the Recticel Engineered Foams activities.

7.2.5.10 Trade receivables, other receivables and other financial assets

in thousand EUR

	31 DEC 2022 RESTATED[1]	31 DEC 2023
Trade receivables	71,128	81,465
Loss allowance for expected credit losses	(3,412)	(3,330)
Total trade receivables	**67,716**	**78,135**
Other receivables[2]	**7,475**	**7,333**
Derivatives (forward exchange contracts)	803	24
Loans carried at amortised cost	1,475	2,670
Other financial assets[3]	**2,279**	**2,694**
Other receivables and other financial assets [2+3]	**9,753**	**10,027**

Trade receivables at reporting date 2023 comprise amounts receivable from the sale of goods and services for EUR 78.1 million (2022: EUR 67.7 million). The increase is a result of the undrawn amounts on the factoring lines at the end of 2023 (main impact in France: EUR 11.5 million).

In 2023, other receivables amounting to EUR 7.3 million relate to (i) VAT receivable (EUR 1.5 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 3.8 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 2.0 million).

In 2022, other receivables amounting to EUR 7.5 million relate to (i) VAT receivable (EUR 2.9 million), (ii) advances paid to third parties for operating costs spread over several financial years (EUR 1.8 million), (iii) prepayments, tax credits and subsidies, and contractual commitments with co-contractors (EUR 2.8 million).

In 2023, other financial assets (EUR 2.7 million) mainly consist mainly of, a receivable of EUR 2.4 million to Orsa Foam related to the payment plan linked to the sale of the participation.

In 2022, other financial assets (EUR 2.3 million) mainly consist mainly of, a receivable of EUR 1.2 million relating to the continuing involvement under non-recourse factoring programs in Belgium, France and The Netherlands and loans of EUR 1.0 million to other associates.

Factoring

Although the factoring credit lines are still available, due to the cash in from the divestment of Recticel Engineered Foams to Carpenter no amounts were drawn per 31 December 2023.

in thousand EUR

	31 DEC 2022 RESTATED[1]	31 DEC 2023
Factoring without recourse		
Gross amount	(14,477)	0
Continuing involvement	1,239	0
Net amount	**(13,237)**	**0**
Retention amount recognized in debt	0	0
Total amount factoring without recourse	**(13,237)**	**0**

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

The continuing involvement represents the part of the receivables that was not transferred to the factoring company as specified in the terms and conditions under the factoring agreement. The retention amount represents the amount that is deducted from the gross (invoice) amount, taking into account the limitation of the amount that can be included in the factoring agreement per customer. Recticel does not include this retention amount in debt. These outstanding receivables ("retention amount") are permanently presented on the balance sheet.

Movement in loss allowance for expected credit losses:

in thousand EUR

	31 DEC 2022 RESTATED[1]	31 DEC 2023
At the end of the preceding period	**(4,967)**	**(3,412)**
Additions	(477)	(283)
Reversals	445	298
Non-recoverable amounts	13	7
Reclassification	(163)	1
Exchange differences	(19)	59
Change in scope	(2,750)	0
Transfer to assets held for sale	4,505	0
Total at the end of the period	**(3,412)**	**(3,330)**

The non-recoverable amounts refer to trade receivable balances which have been written-off as the Group considers that these are not recoverable.
In 2022 the change in scope is mainly related to business combination Trimo.

7.2.5.11 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.

7.2.5.12 Assets and Liabilities held for sale and discontinued operations

Discontinued operations

In **2023** the Recticel Engineered Foams activities were sold to Carpenter. Reference is made note 7.2.4.7.

In **2022** this item relates to Recticel Engineered Foams that were sold to Carpenter. Reference is made note 7.2.4.7.

7.2.5.13 Share capital

in thousand EUR

Group Recticel	2022	2023
Number of shares		
Number of shares issued and fully paid at 01 January	55,963,420	56,208,420
Number of shares issued and fully paid at 31 December	56,208,420	56,230,920
of which number of treasury shares at 31 December	326,800	326,800

in thousand EUR

	31 DEC 2022	31 DEC 2023
Issued and fully paid shares	140,521	140,577

The change in share capital is explained by the exercise of subscription rights in 2023.

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 which is 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. For the 2023 dividend a waiver was requested and granted.

7.2.5.14 Employee benefit liabilities

in thousand EUR

	31 DEC 2022	31 DEC 2023
Post-employment benefits: defined benefit plans	12,783	11,947
Other long-term benefits and termination benefits	424	465
Net liabilities at 31 December	**13,207**	**12,412**

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

97.6% of the defined benefit obligation is concentrated in three countries: Belgium (51.6%), United Kingdom (39.6%), and Germany (6.5%). Within these three countries Recticel operates funded defined benefit retirement plans. This includes hybrid defined contribution plans, which are treated as defined benefit plans because of the guarantee obligations of the employer. These plans typically provide retirement benefits related to remuneration and period of service.

The following information describes the retirement plans in Belgium and the United Kingdom, which make up 91.1% of the total defined benefit obligation.

in thousand EUR

	DEFINED BENEFIT OBLIGATION	ASSETS	FUNDED STATUS	ADJUSTMENT DUE TO ASSET CEILING/ ADDITIONAL LIABILITY UNDER IFRIC 14	NET LIABILITY/ (ASSET)
Belgium	34,660	(29,522)	5,138	0	5,138
United Kingdom	26,608	(30,406)	(3,798)	5,021	1,223
Germany	4,381	(406)	3,975	0	3,975
Other countries	1,611	0	1,611	0	1,611
Total	**67,260**	**(60,334)**	**6,926**	**5,021**	**11,947**

Belgium

Recticel operates defined benefit and hybrid defined contribution pension plans in Belgium. These plans are funded through group insurances, and contributions are payable only by the employer. The defined benefit plans have been closed to new employees since 2003; most hybrid plans are still open to new employees. The plans function in, and comply with, a regulatory framework and comply with the local minimum funding requirements. Plan participants are entitled to salary-related benefits on retirement at age 65, and in case of death in service. The usual, and 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 funded defined benefit plan in the United Kingdom, which is closed to new entrants and to further accrual of benefits for existing members. The plan is governed via a trust which is legally separate from Recticel and is administered by a board of Trustees composed of both employer-appointed and member-nominated Trustees. The Trustees are required by law to act in the interest of the beneficiaries of the plan, and are responsible for the investment policy in respect of plan assets and for the day-to-day administration of the benefits. The plan functions in, and complies with, a regulatory framework, and is subject to minimum funding requirements. Under the plan, members are entitled to annual pensions on retirement at age 60 or 65, based on final pensionable salary and years of pensionable service.

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. Recticel agreed to pay a total amount of GBP 5.4 million during the period 01 January 2021 to 31 December 2024. The outstanding amount at 31 December 2023 is GBP 1.1 million.

During 2023, Recticel entered into an agreement with the Trustees of the plan to fund the cost of transferring the plan to an insurance company. At 31 December 2023, the estimated cost in excess of the employee benefit liability recognised under IAS 37 was GBP 1 million, and this amount has been recognised in provisions for other risks.

Risks associated with defined benefit pension plans

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

Changes in bond yields:	Benefit obligations are calculated using a discount rate typically set with reference to corporate or government bond yields. A decrease in bond yields will therefore increase the value of the benefit obligations, although this will be partially offset by an increase in the value of those assets held in bonds.
Asset volatility:	If asset portfolios underperform bond yields overall, the net liability will increase. Some plans hold a proportion of equities which, though expected to outperform corporate bonds in the long-term, carry the risk of volatility in the short-term. The allocation to equities is monitored to ensure it remains appropriate.
Inflation risk:	Increases in benefits, and in the underlying salaries on which some benefits are based, are based, are linked to inflation, so that higher inflation will lead to higher benefit obligations. Most plan assets are either unaffected by or only loosely correlated with inflation, so that higher in inflation will increase the net liability. For some plans, this risk is mitigated by caps on the level of benefit increases, which protects against extreme inflation.
Life expectancy:	Some plans provide benefits for the life of the member, so that increases in life expectancy will result in an increase in the defined benefit obligation.
Currency risk:	Currency risk arises principally from fluctuations in the Euro value of net liabilities of plans denominated in other currencies.

in thousand EUR

	31 DEC 2022	31 DEC 2023
Evolution of the net liability during the year is as follows:		
Net liability at 01 January	**36,572**	**12,783**
Changes in scope of consolidation	975	0
Expense recognized in the income statement	6,224	1,851
Employer contributions	(9,725)	(4,192)
Amount recognized in other comprehensive income	(6,072)	1,457
Exchange differences	(155)	48
Discontinued net liability	(15,036)	0
Net liability at 31 December	12,783	11,947

Changes in scope of consolidation relate in 2022 to the acquisition of Trimo.
Discontinued net liability relates to the position at 31 December of Engineered Foams activities in 2022.

in thousand EUR

	31 DEC 2022	31 DEC 2023
Pension costs recognized in profit and loss and other comprehensive income:		
Service cost:		
Current service cost	7,361	3,325
Employee contributions	(941)	(347)
Past service cost (including curtailments)	(639)	(9)
Cost or gain on settlement	0	(157)
Administration expenses	277	103
Net interest cost:		
Interest cost	1,854	3,323
Interest income	(1,602)	(2,941)
Interest on asset ceiling/ additional liability recognized under IFRIC 14	129	229
Pension expense recognized in profit and loss	**6,439**	**3,526**
Remeasurements in other comprehensive income		
Return on plan assets (in excess of)/below that recognized in net interest	39,109	(1,508)
Actuarial (gains)/losses due to changes in financial assumptions	(45,665)	3,572
Actuarial (gains)/losses due to changes in demographic assumptions	208	(930)
Actuarial (gains)/losses due to experience	5,730	707
Changes in the asset ceiling/additional liability under IFRIC 14, excluding amounts recognized in net interest cost	(6,215)	(812)
Total amount recognized in other comprehensive income	**(6,832)**	**1,029**
Total amount recognized in profit and loss and other comprehensive income	**(393)**	**4,555**

In 2022, amounts for past service costs and curtailments relate mainly to personnel changes in Germany.
The amounts above are in respect of both continuing and discontinued operations i.e. for Bedding until its divestment on 31 March 2022, and for Engineered Foams until its divestment on 12-13 June 2023.

in thousand EUR

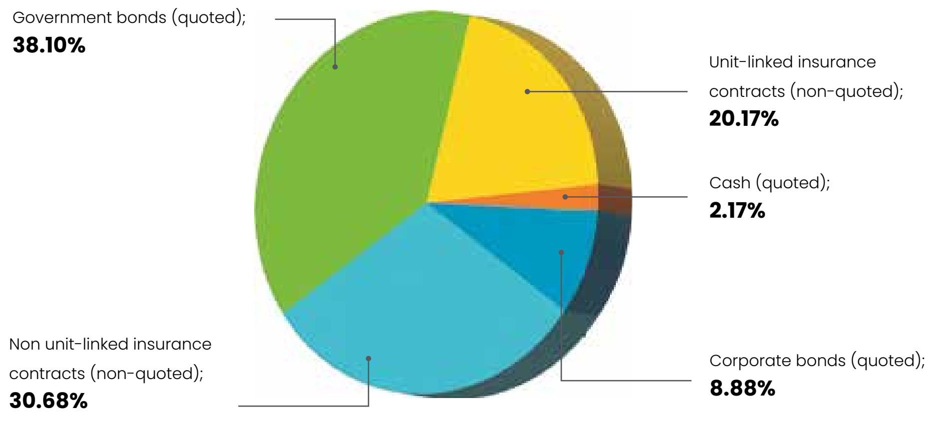
	31 DEC 2022	31 DEC 2023
Amounts recorded in the statement of financial position in respect of the defined benefit plans are:		
Defined benefit obligations for funded plans	63,331	65,649
Fair value of plan assets	(54,952)	(60,334)
Funded status for funded plans	**8,379**	**5,315**
Defined benefit obligations for unfunded plans	781	1,611
Total funded status at 31 December	**9,160**	**6,926**
Effect of the asset ceiling/ additional liability recognized under IFRIC 14	3,623	5,021
Net liabilities at 31 December	**12,783**	**11,947**
The key actuarial assumptions used at 31 December (weighted averages) are:		
Discount rate	4.20%	3.68%
Future pension increases	2.50%	2.36%
Expected rate of salary increases	3.20%	3.11%
Inflation	2.35%	2.22%

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

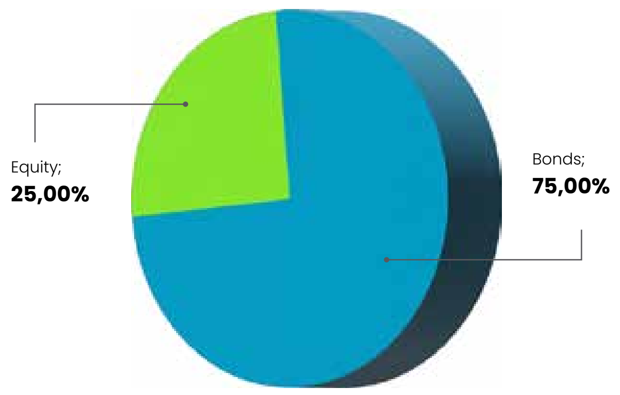
	31 DEC 2022	31 DEC 2023
Movement of the plan assets		
Fair value of plan assets at 01 January	131,834	54,952
Changes in scope of consolidation	0	0
Interest income	1,560	2,406
Employer contributions	9,725	4,192
Employee contributions	874	0
Benefits paid (direct & indirect, including taxes on contributions paid)	(14,197)	(2,910)
Return on plan assets in excess of/(below) that recognized in net interest, excl. interest income	(27,415)	1,648
Settlement gains/(losses)	0	(442)
Administration expenses	(260)	(96)
Exchange rate differences	9	584
Discontinued plan assets	(47,178)	0
Fair value of plan assets at 31 December	**54,952**	**60,334**

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 2023



Asset classes of unit-linked insurance contracts



Unit-linked insurance contracts are investments in debt and equity instruments managed by an insurance company, in which Recticel holds a specific number of fund units, and for which the unit 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

	31 DEC 2022	31 DEC 2023
Movement of the defined benefit obligation		
Defined benefit obligation at 01 January	**160,831**	**64,112**
Changes in scope of consolidation	975	0
Current service cost	7,105	1,518
Interest cost	1,809	2,618
Benefits paid (direct & indirect, including taxes on contributions paid)	(14,197)	(2,910)
Actuarial (gains)/losses on liabilities arising from changes in financial assumptions	(40,474)	2,582
Actuarial (gains)/losses on liabilities arising from changes in demographic assumptions	208	(483)
Actuarial (gains)/losses on liabilities arising from experience	5,811	(133)
Past service cost (including curtailments)	(639)	4
Settlement (gains)/losses	0	(604)
Exchange differences	(59)	556
Discontinued defined benefit obligation	(57,258)	0
Defined benefit obligation at 31 December	**64,112**	**67,260**
Split of the defined benefit obligation per population		
Active members	19,628	18,786
Members with deferred benefit entitlements	25,249	29,902
Pensioners/Beneficiaries	19,235	18,572
Total defined benefit obligation at 31 December	**64,112**	**67,260**
Changes in the effect of the asset ceiling/ additional liability under IFRIC 14		
Asset ceiling/additional liability impact at 01 January	7,575	3,623
Interest on asset ceiling/additional liability	123	183
Changes in the asset ceiling/additional liability, excluding amounts recognized in net interest cost	968	1,139
Exchange differences	(86)	76
Discontinued asset ceiling/additional liability	(4,957)	0
Asset ceiling/additional liability impact at 31 December	**3,623**	**5,021**
Weighted average duration of the defined benefit obligation at 31 December	**12 years**	**11 years**

	31 DEC 2022	31 DEC 2023
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	3.24%	2.69%
% decrease in defined benefit obligation following a 0.25% increase in the discount rate	-3.02%	-2.53%
% decrease in defined benefit obligation following a 0.25% decrease in the inflation rate	-1.36%	-0.97%
% increase in defined benefit obligation following a 0.25% increase in the inflation rate	1.37%	1.00%

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.
Discontinued defined benefit obligation and discontinued asset ceiling/additional liability in 2022 relate to the position at 31 December 2022 of the Engineered Foams activities.

in thousand EUR

	2024
Estimated contributions for the coming year	
Expected employer contributions for defined benefit plans	3,305

Post-employment benefits: defined contribution plans

The amount recognised as an expense for defined contribution plans in respect of continuing operations was EUR 869,000 (2022 restated[1]: EUR 1,425,000).

7.2.5.15 Provisions

For the year ending 31 December 2023:

in thousand EUR

	LITIGATIONS	DEFECTIVE PRODUCTS	ENVIRONMENTAL RISKS	RESTRUCTURING	PROVISIONS FOR ONEROUS CONTRACTS AND DILAPIDATION COSTS	OTHER RISKS	TOTAL
At the end of the preceding year	**0**	**608**	**2,802**	**50**	**840**	**13,947**	**18,248**
Movements during the year							
Business combinations	0	0	0	0	0	0	0
Increases	2	20	0	0	66	16,900	16,988
Actualisation	0	0	0	0	8	0	8
Utilisations	(2)	(10)	(5)	0	(42)	(2,634)	(2,693)
Write-backs	0	(67)	(101)	(50)	(203)	(1,000)	(1,421)
Transfer from one heading to another	0	0	0	0	0	0	0
Transfer to discontinued operations	0	0	(0)	(21)	(0)	(0)	(21)
Exchange rate differences	0	1	0	21	17	1	39
At year-end	**0**	**552**	**2,696**	**0**	**686**	**27,214**	**31,148**
Non-current provisions (more than one year)	0	552	2,696	(0)	686	27,214	31,148
Current provisions (less than one year)	0	0	0	0	0	0	0
Total	**0**	**552**	**2,696**	**0**	**686**	**27,214**	**31,148**

Provisions for defective products 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 pollution risks in Belgium (Wetteren/ Balen).

Provisions for onerous contracts relate mainly to the buildings in the United Kingdom (EUR 0.7 million).

Provisions for other risks relate mainly to legal costs and fees for legacy remediation and litigations (see 7.2.6.9 – Contingent assets and liabilities) as well as management assessments with regards to post-closing settlements. The increase is mainly due to a provision for indemnities related to the divestment of Recticel Engineered Foams activities (EUR 10.0 million related to environmental risks, EUR 4.0 million to litigation/ non-compliance matters, legal proceedings and lawyer costs and EUR 1.8 million to a lease guarantee indemnity) (see 7.2.4.7 – Discontinued operations) and a UK pension buyout provision. The utilisations relate to the release of the closing account provision for the Bedding divestment. The write-backs relate mainly to a partial release of the TEMDA2 insurance provision.

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

7.2.5.16 Financial liabilities

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

in thousand EUR

	NON-CURRENT LIABILITIES		CURRENT LIABILITIES	
	31 DEC 2022 RESTATED[1]	31 DEC 2023	31 DEC 2022 RESTATED[1]	31 DEC 2023
Secured				
Lease liabilities	15,132	13,062	3,844	5,097
Bank loans	181,631	10,020	949	974
Total secured	**196,763**	**23,082**	**4,793**	**6,071**
Unsecured				
Non-current bank loans with current portion	0		0	
Other loans	0	0	0	0
Current bank loans	0	0	75,000	0
Commercial paper	0	0	11,948	0
Bank overdrafts	0	0	1,038	12
Other financial liabilities	0	0	1,045	332
Total unsecured	**0**	**0**	**89,031**	**344**
Total liabilities carried at amortised cost	**196,763**	**23,082**	**93,824**	**6,415**

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

in thousand EUR

	31 DEC 2022 RESTATED[1]	31 DEC 2023
Drawn amounts under the various available interest-bearing borrowing facilities		
Outstanding amounts under syndicated credit facility	170,638	0
Outstanding amounts under lease liabilities	15,132	13,062
Outstanding amounts under other non-current loans	10,993	10,020
Outstanding amounts under non-current gross interest-bearing borrowing facilities (a)	**196,763**	**23,082**
Outstanding amounts under bank overdrafts	1,038	12
Outstanding amounts under current bank loans	949	974
Outstanding amounts under lease liabilities	3,844	5,097
Outstanding amounts under factoring programs - retention amount		
Outstanding amounts under commercial paper programs[2]	11,948	0
Outstanding amounts under other current loans	75,000	0
Outstanding amounts under other financial liabilities	1,045	332
Outstanding amounts under current gross interest-bearing borrowing facilities (b)	93,824	6,415
Total outstanding amounts under gross interest-bearing borrowings (c)=(a)+(b)	**290,587**	**29,497**
Outstanding amounts under non-recourse factoring programs (d)	13,237	18
Total outstanding amounts under gross interest-bearing borrowings and factoring programs (e)=(c)+(d)	**303,824**	**29,515**
Weighted average lifetime of non-current interest-bearing borrowings (in years)	**1.32**	**4.33**
Weighted average interest rate of gross financial debt at fixed interest rate	2.14%	2.14%
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	3.51%	5.61%
Interest rate range of gross financial debt at variable interest rate	2.55% - 3.85%	4.85% - 5.61%
Weighted average interest rate of total gross financial debt	**3.42%**	**2.44%**
Percentage of gross financial debt at fixed interest rate	10.0%	93.0%
Percentage of gross financial debt at variable interest rate	90.0%	7.0%

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

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

(i) Lease liabilities

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

These finance leases consist mainly of three leases:
- the lease financing of the Insulation plant in Bourges (France), with an outstanding amount of EUR 1.3 million as of 31 December 2023 and is at floating rate, hedged by interest rate swap;
- the lease financing buildings in Slovenia, with an outstanding amount of EUR 0.2 million as of 31 December 2023 and is at a fixed rate;
- the additional lease to finance the extension of the Insulation plant in Wevelgem (Belgium) in 2017, with an outstanding amount of EUR 5.6 million as of 31 December 2023 and is at a fixed rate.

(ii) Bank loans – "syndicated credit facility"

With the proceeds from the divestment of Recticel Engineered foams to Carpenter syndicated credit facility was repaid.
Recticel maintains the EUR 100 million syndicated revolving credit facility maturing in February 2024.

The facility has a 3-year tenor with two 1-year extension options and have been arranged and underwritten by KBC Bank. The participating banks are Belfius Bank, BNP Paribas Fortis, Commerzbank and LCL. This EUR 100 million syndicated revolving credit facility has been extended over a period of 2 years until 2025. The new syndicated facility is subject to bank covenants. At 31/12/2023, due to the net cash position, the covenant calculation was not applicable.

(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 2023 is EUR 11.0 million.

(iv) Other Current loans

With the proceeds from the divestment of Recticel Engineered foams to Carpenter all other current loans were repaid.

(iv) Commercial paper program

With the proceeds from the divestment of Recticel Engineered foams to Carpenter all commercial paper was repaid.

Other financial liabilities

For interest rate swaps reference is made to 7.2.5.18.

in thousand EUR

	31 DEC 2022	31 DEC 2023
Other financial debt	10	0
Interest accruals	743	280
Total	**754**	**280**

7.2.5.17 Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchases. Trade payables decreased to EUR 70.1 million (2022: EUR 75.6 million).

Other current amounts payable is composed as follows:

in thousand EUR

	31 DEC 2022 RESTATED[1]	31 DEC 2023
Other non current liabilities maturing within one year		0
VAT payable - local and foreign	7,009	5,696
Other tax payables	314	3,744
Payroll, social security	10,623	9,166
Dividend payable	1,857	874
Result transfer (fiscal unit)		
Other debts	2,633	14,082
Accrued liabilities - operating	6,359	10,042
Deferred income - operating	481	685
Deferred income - insurance premium	352	348
Deferred income - gain on sale and leaseback	335	319
Total	**29,964**	**44,955**

The increase in 2023 is due an outstanding (net) payable on Carpenter of EUR 11.7 million, to be paid subject to final agreement on the completion accounts.

7.2.5.18 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

	CATEGORY UNDER IFRS 9	31 DEC 2022 RESTATED[1]	31 DEC 2023	FAIR VALUE LEVEL
Financial assets				
Transactional hedges - operational	**FVTPL**	**156**	**20**	**2**
Derivatives not designed in a hedge relationship	FVTPL	178	2	2
Current trade receivables	**AC**	**67,716**	**78,135**	**2**
Other non-current receivables	AC	553	544	2
Other receivables	AC	7,475	7,333	2
Other receivables	**AC**	**8,028**	**7,877**	**2**
Loans to affiliates	AC	11,068	11,523	2
Other loans	AC	219	2,517	2
Non-current loans	**AC**	**11,287**	**14,041**	**2**
Financial receivables	AC	1,944	2,672	2
Loans to affiliates	**AC**	**13,231**	**16,712**	**2**
Cash and cash equivalents	**AC**	**39,782**	**191,393**	**2**
Other investments	**FVTOCI**	**500**	**500**	**2**
Financial liabilities				
Interest rate swaps designated as cash flow hedge relationship	**CFH**	**27**	**26**	**2**
Transactional hedges - operational	**FVTPL**	**0**	**6**	**2**
Derivatives not designated in a hedge relationship	FVTPL	265	21	2
Non-current financial liabilities at amortised cost	**AC**	**196,763**	**23,082**	**2**
Current financial liabilities at amortised cost	**AC**	**93,532**	**6,363**	**2**
Trade payables	**AC**	**75,713**	**70,080**	**2**
Other non-current payables	AC	1,016	982	2
Other payables	AC	29,964	44,955	2
Other payables	**AC**	**30,979**	**45,937**	**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 2023, 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 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 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 are partly covered by external credit insurance policies which the Group manages centrally and harmonises and partly covered by Recticel's insurance captive. 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*

After the sale of the Recticel Engineered Foams activities to Carpenter Recticel repaid all its loans and consequently terminated the corresponding IRS contract and received interest for an amount of EUR 0.48 million (including accrued interest) with the Floor at 0.00%.

Most financial leases (EUR 5.7 million) and a bank loan of EUR 10.9 million are at fixed rate ; whereas most other bank debt is contracted at floating rate.

Sensitivity to interest rates
The Group's interest rate risk exposure derives from the fact that it finances at both fixed and variable interest rates. The Group manages the risk centrally through an appropriate structure of loans at fixed and variable interest. 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.

- *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 3.6 million.

Sensitivity analysis on currency risks
The Group deals mainly in 4 currencies outside the euro zone: GBP, USD, SEK, PLN.

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 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 and Swedish 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 or Swedish Krona. For a respectively 10% strengthening of the Euro against the US Dollar or the Pound Sterling, or 5% against the Polish Zloty or Swedish Krona, there would be a comparable opposite impact on the profit or loss (i.e. the impact would be negative).

in thousand EUR

	STRENGTHENING OF USD VERSUS EUR		STRENGTHENING OF GBP VERSUS EUR		STRENGTHENING OF SEK VERSUS EUR		STRENGTHENING OF PLN VERSUS EUR	
	2022	2023	2022	2023	2022	2023	2022	2023
Historical average variation	10%	10%	10%	10%	5%	5%	5%	5%
Profit (loss) recognized in the P&L account	250	121	(15,180)	(118)	(36)	186	59	48
Financial assets[2]	9,683	1,225	42,376	128	6,152	3,715	1,350	973
Financial liabilities[2]	(875)	(19)	(210,985)	(1,289)	(5,967)	(1)	(172)	(5)
Derivatives	(6,309)	0	16,805	(21)	(900)	2	0	
Total net exposure	**2,499**	**1,206**	**(151,804)**	**(1,182)**	**(715)**	**3,716**	**1,178**	**968**

[2] *includes trade and other receivables and trade and other payables.*
2022 figures including Recticel Engineered Foams activities.

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

- *Liquidity risk*

The financing sources are well diversified, and the bulk of the debt is irrevocable and long-term or backed-up by long-term commitments. It includes as of 1 February 2021 a new 3-year EUR 100 million syndicated revolving credit facility, which has been extended over a period of 2 years until 2025. This EUR 100 million revolving credit facility guarantees the necessary liquidity to ensure the future activities and to meet the short- and medium-term financial commitments.

On June 2023, a redemption of EUR 219 million was made to the banks, thus repaying the entire facility.

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 which have not been used after the sale of the Recticel Engineered Foams activities to Carpenter.

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

The new syndicated facility that replaced the former club deal facility as of 01 February 2021 is subject to bank covenants based on an adjusted leverage ratio and an adjusted interest cover, on a consolidated basis. These bank covenants will continue to be determined on the basis of the generally accepted accounting principles that were in place at the moment of the closing of the club deal agreement ("frozen GAAP"). The adoption of IFRS 16 has no impact on the measurement of these covenants. All conditions under the financial arrangements with its banks are respected. At 31/12/2023, due to the net cash position, the covenant calculation was not applicable.

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 2023 – to be paid in 2024 – proposed to the Annual General Meeting amounts to EUR 0.31 per share, leading to a total dividend pay-out of EUR 17.4 million (excluding treasury shares). This amount is higher than the above-mentioned maximum pay-out limit and consequently a waiver was requested and granted..

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

in thousand EUR

	31 DEC 2022	31 DEC 2023
Unused amounts under non-current financing facilities		
Undrawn available commitments under the club deal facility[2]	63,000	100,000
Total available under non-current facilities	**63,000**	**100,000**
Unused amounts under current financing facilities		
Undrawn under current on-balance facilities	24,100	22,000
Undrawn under off-balance factoring programs	11,763	35,000
Total available under current facilities	**35,863**	**57,000**
Total unused amounts under financing facilities	**98,863**	**157,000**

[2] The amount drawn under the commercial paper program is to be covered at any time by the undrawn amount under the syndicated credit facility. At 31 December 2023 no amounts are drawn under the commercial paper program and under the syndicated credit facility.

- *Maturity analysis of financial liabilities*

For the year ending 31 December 2023:

in thousand EUR

	MATURING WITHIN 1 YEAR	MATURING BETWEEN 1 AND 5 YEARS	MATURING AFTER 5 YEARS	TOTAL	FUTURE FINANCIAL CHARGES	CARRYING AMOUNT
	(a)	(b)	(c)	(a)+(b)+(c)		
Lease liabilities	5,230	10,485	3,707	**19,422**	(1,263)	18,159
Bank loans	1,266	5,064	6,330	**12,660**	(1,667)	10,994
Other loans				**0**	0	0
Interest-bearing borrowings - long term	**6,496**	**15,549**	**10,037**	**32,082**	**(2,930)**	**29,152**
Interest-bearing borrowings - short term						**12**
Other financial liabilities - Non-derivative						**280**
Other financial liabilities - Derivative						**52**
Total						**29,497**
Non-current financial liabilities						23,082
Current financial liabilities						6,415
Total						**29,497**

For the year ending 31 December 2022 restated[1]:

in thousand EUR

	MATURING BETWEEN 1 AND 5 YEARS	MATURING AFTER 5 YEARS	TOTAL	FUTURE FINANCIAL CHARGES	CARRYING AMOUNT	CARRYING AMOUNT
	(a)	(b)	(c)	(a)+(b)+(c)		
Lease liabilities	5,781	10,857	4,967	**21,604**	(2,629)	18,976
Bank loans	2,240	177,064	7,596	**186,900**	(4,320)	182,581
Other loans	0	0	0	**0**	0	0
Interest-bearing borrowings - long term	**8,021**	**187,921**	**12,563**	**208,505**	**(6,949)**	**201,556**
Interest-bearing borrowings - short term						**87,985**
Other financial liabilities - Non-derivative						**753**
Other financial liabilities - Derivative						**292**
Total						**290,587**
Non-current financial liabilities						196,763
Current financial liabilities						93,824
Total						**290,587**

Reference is also made to notes 7.2.1.5 - Climate change and 7.2.1.6 - Geopolitical conflicts.

7.2.5.19 Business combinations and disposals

In 2023, business disposals related to the Engineered Foams activities which were sold to Carpenter (see note 7.2.4.7).

7.2.5.20 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

	31 DEC 2022 RESTATED[1]	31 DEC 2023
Hedging liabilities	292	52
Non-current financial liabilities	196,762	23,082
Current portion of non current financial liabilities	4,793	6,071
Current financial liabilities	87,995	(23)
Interest accruals	743	315
Gross financial debt	**290,586**	**29,497**
Cash and cash equivalents	(39,782)	(191,393)
Deferred interest	0	0
Hedging assets	(805)	(27)
Net financial debt	**249,998**	**(161,923)**
Drawn amounts under off-balance non-recourse factoring programs	13,237	0
Total net financial debt	**263,236**	**(161,923)**
Total equity	**446,155**	**437,987**
Ratios		
Net financial debt / Total equity	56.0%	N/A
Total net financial debt / Total equity	59.0%	N/A

7.2.6 Miscellaneous

7.2.6.1 Off-balance sheet items

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

Compared to the situation per 31 December 2022, most outstanding guarantees and/or comfort letters remained in place; save for some minor adjustments in some committed amounts.

in thousand EUR

	31 DEC 2022	31 DEC 2023
Guarantees given or irrevocably promised by Recticel SA/NV as security for debts and commitments of companies	89,555	85,431

These guarantees include mainly parental corporate guarantees and letters of comfort for commitments contracted by subsidiaries with banks (EUR 25.5 million), lessors (EUR 13.0 million), governmental institutions (EUR 2 million), other third parties (EUR 3.2 million) and bank guarantees related to the divestment of Recticel Engineered Foams to Carpenter Co. (EUR 46.7 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.

7.2.6.2 Share-based payments

Following the decision of the Board of Directors of 27 February 2023 and 27 June 2023, a new edition of the stock option plan was launched in favour of leading staff members of the Group. In total of 350,000 options were attributed with an exercise price of EUR 10.80. The exercise period runs -after a vesting period of three years-, from 1 January 2027 till 29 June 2030. Fair value of this option series amounts to EUR 1.13 million.

270,000 out of the 350,000 were allocated to the current members of the Management Committee.

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 2023:

in thousand EUR

Issue	NUMBER OF WARRANTS ISSUED	NUMBER OF SUBSCRIPTION RIGHTS OUTSTANDING	EXERCISE PRICE IN EUR	EXERCISE PERIOD	FAIR VALUE OF SUBSCRIPTION RIGHTS AT MOMENT OF ISSUE IN EUR
April 2016	317,500	75,000	5.73	01/01/2020 - 28/04/2025	0.786
June 2017	410,000	160,000	7.00	01/01/2021 - 29/06/2024	0.928
April 2018	460,000	285,000	10.21	01/01/2022 - 24/04/2025	1.572
June 2019	500,000	447,500	7.90	01/01/2023 - 27/06/2026	1.181
March 2020	512,000	477,500	6.70	01/01/2024 - 02/03/2027	1.466
May 2021	475,000	440,000	12.44	01/01/2025 - 11/05/2028	2.290
May 2022	320,000	290,000	17.74	01/01/2026 - 12/05/2029	5.741
June 2023	350,000	350,000	10.80	01/01/2027 - 29/06/2030	3.231
Total	**3,344,500**	**2,525,000**			

All subscription rights have a vesting period of 3 years. Beneficiaries can lose the right to exercise their subscription rights in case of voluntary leave or dismissal for misconduct.
The expense recognised for the year for the share-based payments amounts to EUR 1.1 million (2022: EUR 1.0 million).

The plan of June 2023 was approved and formalised appropriately.

A more general overview showing the trend during 2023 is given below:

in units

	2022	2023
Total number of subscription rights outstanding per 31 December	2,212,500	2,525,000
Weighted average exercise price (in EUR)	10.03	10.14
Weighted average remaining contractual life (in years)	4.06	3.54
Movements in number of subscription rights		
Subscription rights outstanding at the beginning of the period	2,175,000	2,212,500
New subscription rights granted during the period	320,000	350,000
Subscription rights forfeited and expired during the period	(37,500)	(15,000)
Subscription rights exercised during the period	(245,000)	(22,500)
Subscription rights outstanding at the end of the period	2,212,500	2,525,000
Status of subscription rights outstanding		
Closing share price at end of period (in EUR)	15.54	10.60
Total number of subscription rights exercisable at the end of the period	525,000	967,500
Total number of subscription rights that are 'in-the-money' at the end of the period[1]	1,922,500	2,235,000
Total number of subscription rights that are exercisable and 'in-the-money' at the end of the period[1]	525,000	967,500

[1] *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

	2022	2023
Total number of subscription rights exercised	245,000	22,500
Weighted average exercise price	8.66	8.41
Period during which these subscription rights were exercised	31/3 - 23/12	30/3 - 27/04
Average closing price of period during which these subscription rights were exercised	15.87	16.37
Average daily closing price for full year	16.47	12.61

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: 2.87%), interest rate (Euribor 5 years: 1.07%) and volatility (stock market data on the Recticel share: 40.7%). For the issue of June 2023, the fair value amounted to EUR 3.23 per subscription right.

Overview of the outstanding subscription rights held by the members of the current Management Committee (per 31 December 2023):

in thousand EUR

Issue [1]	NUMBER OF SUBSCRIPTION RIGHTS HELD BY THE MEMBERS OF THE CURRENT MANAGEMENT COMMITTEE
April 2016	30,000
June 2017	50,000
April 2018	50,000
June 2019	65,000
March 2020	65,000
May 2021	90,000
May 2022	120,000
June 2023	120,000
Total	**590,000**

[1] *The conditions of the various issues are reflected in the global overview table hereabove*

Members of the Management Committee received the following subscription rights for the 2023 series:

in EUR

Name	TOTAL NUMBER OF SUBSCRIPTION RIGHTS	TOTAL THEORETICAL VALUE OF SUBSCRIPTION RIGHTS AT ISSUANCE[1]
Olivier Chapelle until 31/08/2023	120,000	387,720
Ralf Becker until 09/11/2023	30,000	96,930
Božo Černila	30,000	96,930
Betty Bogaert	30,000	96,930
Rob Nijskens	30,000	96,930
Dirk Verbruggen	30,000	96,930
Total	**270,000**	**872,370**

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

7.2.6.3 Events after the reporting date

REX

Recticel announced that on 10 January 2024 it successfully completed the acquisition of REX Panels & Profiles SA. This acquisition is the second major step in deploying its strategy to become a pan-European leader in the insulated panels segment (see also press release of 21 December 2023). The acquisition price was paid in cash for an enterprise value of EUR 70 million. REX Panels & Profiles SA will be consolidated in Recticel's financial statements as from 10 January 2024.

7.2.6.4 Related party transactions

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

Transactions with joint ventures and associates: 2023

in thousand EUR

	NON-CURRENT RECEIVABLES	TRADE RECEIVABLES	OTHER CURRENT RECEIVABLES	FINANCIAL LIABILITIES	TRADE PAYABLES	OTHER PAYABLES	REVENUE	COST OF SALES
Total Orsa Foam companies	0	0	0	0	0	0	0	0
Total Proseat companies	0	0	0	0	0	0	0	0
Total TEMDA2 companies	11,524	385	0	0	0	0	0	(0)
TOTAL	**11,524**	**385**	**0**	**0**	**0**	**0**	**0**	**(0)**

Transactions with joint ventures and associates: 2022

in thousand EUR

	NON-CURRENT RECEIVABLES	TRADE RECEIVABLES	OTHER CURRENT RECEIVABLES	FINANCIAL LIABILITIES	TRADE PAYABLES	OTHER PAYABLES	REVENUE	COST OF SALES
Total Orsa Foam companies	0	0	0	0	0	0	41	(362)
Total Proseat companies	0	0	0	0	0	0	9,716	0
Total TEMDA2 companies	11,068	326	15	0	15	(0)	18	(839)
TOTAL	**11,068**	**326**	**15**	**0**	**15**	**(0)**	**9,775**	**(1,201)**

Revenues from respectively Proseat companies relate to the sale of chemical raw materials at cost. Recticel ended the sale of chemical raw materials to Proseat as per 31 March 2022.

7.2.6.5 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

	2022	2023
Director fees	122,125	115,027
Attendance fees Board of Directors	157,500	152,500
Attendance fees Audit Committee	45,000	47,500
Attendance fees Remuneration and Nomination Committee	22,500	70,000
Attendance fees Strategy Committee	15,000	0
TOTAL	**362,125**	**385,027**

In 2023 the board remuneration stayed at the same level. The increase in the total cost is due to the number of meetings linked to the sale of the Engineered Foams activities.

Total gross remuneration for the members of the Management Committee

in EUR

	2022	2023
Fixed remuneration	2,414,643	2,133,637
Variable remuneration	2,688,559	2,263,888
Pensions	141,640	101,675
Other benefits	132,067	117,605
Extraordinary items	564,000	0
TOTAL	**5,940,909**	**4,616,805**

The extraordinary item in 2022 was related to a one one-off strategic reorientation bonus in the context of a strategic reorientation plan awarded to certain members of the management. This bonus was taken into cost over the period 2021-2022 but paid out in full in 2022.

7.2.6.6 Exchange rates

		CLOSING RATE		AVERAGE RATE	
		2022	2023	2022	2023
Swiss Franc	CHF	1.0155	1.0799	0.9953	1.0290
Yuan Renminbi	CNY	0.1359	0.1274	0.1413	0.1305
Czech Crown	CZK	0.0415	0.0404	0.0407	0.0417
Euro	EUR	1.0000	1.0000	1.0000	1.0000
Pound Sterling	GBP	1.1275	1.1507	1.1727	1.1497
Forint	HUF	0.0025	0.0026	0.0026	0.0026
Indian Rupee	INR	0.0113	0.0109	0.0121	0.0112
Moroccan Dirham	MAD	0.0896	0.0914	0.0934	0.0912
Norwegian Krone	NOK	0.0951	0.0890	0.0990	0.0875
Polish Zloty	PLN	0.2136	0.2304	0.2134	0.2202
Romanian Leu	RON	0.2020	0.2010	0.2028	0.2022
Swedish Krona	SEK	0.0899	0.0901	0.0941	0.0871
Singapore Dollar	SGD	0.6993	0.6854	0.6891	0.6886
Turkish Lira	TRY	0.0501	0.0306	0.0574	0.0388
US Dollar	USD	0.9376	0.9050	0.9496	0.9248

7.2.6.7 Staff

in units

	31 DEC 2022 RESTATED	31 DEC 2023
Management Committee	6	5
Employees	780	721
Workers	641	560
Average number of people employed (full time equivalent) on a consolidated basis (i.e. excluding joint ventures)	**1,361**	**1,286**
Remuneration and social charges (in thousand EUR)	**80,660**	**82,463**
Average number of people employed in Belgium	422	294

The decrease of the average number of people employed is a result of the workforce alignment in line with the reduced market circumstances. The cost for remuneration and social charges increased due to the indexation.)

7.2.6.8 Audit and non-audit services provided by the statutory auditor

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

in thousand EUR

	31 DEC 2022	31 DEC 2023
Audit fees	1,188	651
Other audit services and legal missions	342	554
Tax services	8	31
Consulting services	18	
Total fees	**1,556**	**1,235**

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.

7.2.6.9 Contingent assets and liabilities

a) Wetteren (Belgium)

In the production plant of Wetteren (Belgium) a historic asbestos pollution was found in the course of 2021. In 2022 the soil investigations and provisional remediation plans have been concluded. The total provision amounts to EUR 1.0 million at the end of 2023. This site has been transferred with the legal entity Recticel Engineered Foams Belgium BV to the Carpenter Group on 12 June 2023. A further small part of the site, leased out to Ascorium Belgium NV, will be transferred shortly to Carpenter as well. The clean-up responsibility remains partly with Recticel and will partly transfer to Carpenter.

b) 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. Only one court procedure is still ongoing in Germany linked to the former Eurofoam joint venture. No additional new claims can be launched as these have all become time-barred. Recticel has carefully reviewed and evaluated the merits for this case with its legal advisors to determine the appropriate defensive strategy and has recognised, where appropriate, a provision to cover any legal costs.

Regarding the ongoing litigation no considered judgment can at this stage be formed on the outcome of this procedure or on the amount of any potential loss for the company.

One of our Group entities in the United Kingdom was the subject of a HSE investigation following the accidental death of one of its employees in 2015. After a very fact-finding phase, the HSE had initially made certain allegations against Recticel Ltd for breach of HSE regulations. Recticel has replied to these allegations. In October 2021, the HSE had confirmed that it had taken an enforcement decision. At the end of 2022, the HSE indicated that it would no longer take enforcement actions against the company in absence of evidence. The provision that was established for this case has hence been taken back. The procedure itself has still not been terminated for administrative reasons.

One of the former 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, with one procedure ongoing. A provision has been established to cover the potential negative outcome. The respective entity has been transferred to Carpenter on 12 June 2023, but the risk on this issue remains with Recticel and remains provisioned.

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 and this procedure continues and is expected to be concluded only by the end of 2024 or early 2025.

Recticel signed a preliminary purchase agreement with the Gór-Stal shareholders to acquire Gór-Stal's insulation board business located in Bochnia, Poland, for an enterprise value of EUR 30 million. The sale required a prior carve-out of these activities into a new legal entity. Both parties cooperated well to finalise the due diligence and to realise this carve-out by July 2021, but then, the sellers came back to request a price adjustment, citing changed market conditions. Recticel requested more information before considering such a request, which was contrary to the agreement. The sellers did not provide such information and in October 2021, they informed Recticel that they did no longer want to continue the transaction. Recticel notified the sellers at the end of the year that they breached their obligations under the agreement and that Recticel would launch legal proceedings to enforce the preliminary agreement or obtain damage compensation. These legal proceedings were launched in 2022 and continue to this date, with no conclusion expected before 2025.

During the year 2023, a number of claims were received by our French Insulation entity concerning quality issues with regard to insulation boards produced in 2018-2019 linked to a shift in formulation at the time. Also in 2019, certain claims had been received and were solved at the time. While the Group is insured for product liability in this regard in line with industrial standards, it cannot be excluded that such claims could lead to financial losses for the Group.

As of 31 December 2023, total overall provisions and accruals for other litigations, environmental risk and other risks on Recticel Group level amounted to EUR 29.9 million in the consolidated financial statements. With reference to the prejudicial exemption in IAS 37 §92, the Group will not disclose any further information about the assumptions for the provision, including any details about current and the expected number of lawsuits and claims.

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

7.2.6.10 Reconciliation table of Alternative Performance Measures

The Group uses and publishes several Alternative Performance Measures ("APM") to provide additional valuable insight to financial analysts and investors. APMs are related to the standards used by management to monitor and measure financial performance.

The overview tables below summarise the reconciliation of these APMs in respectively the income statement and the statement of financial position of the continuing operations.

in thousand EUR

	2022 RESTATED[1]	2023
Income statement		
Sales	587,834	529,426
Gross profit	113,414	90,090
EBITDA	59,893	36,123
Operating profit (loss)	38,255	12,582
Operating profit (loss)	**38,255**	**12,582**
Amortisation of intangible assets	5,363	7,596
Depreciation of tangible assets	15,228	15,652
Amortisation deferred charges long term	0	0
Impairments on goodwill, intangible and tangible fixed assets	1,047	293
EBITDA	**59,892**	**36,123**
EBITDA	**59,892**	**36,123**
Restructuring charges	890	3,118
Other[2]	3,574	(88)
Adjusted EBITDA	**64,356**	**39,153**
Operating profit (loss)	**38,255**	**12,582**
Restructuring charges	890	3,118
Other	3,574	(88)
Impairments	1,047	293
Adjusted operating profit (loss)	**43,766**	**15,905**

[2] Other adjustments in 2022 EUR -3.6 million mainly relate to (i) legal and financial advisory fees primarily linked to the acquisition of Trimo, (ii) a fair value adjustment on inventories by application of IFRS 3 (reversal of inventory step up values) resulting from the purchase price allocation of Trimo).

in thousand EUR

Total net financial debt	31 DEC 2022 RESTATED[1]	31 DEC 2023
Non-current financial liabilities	196,763	23,082
Current financial liabilities	93,824	6,415
Cash	(39,782)	(191,393)
Other financial assets	(806)	(27)
Net financial debt on statement of financial position	**249,999**	**(161,923)**
Factoring programs	13,237	0
Total net financial debt	**263,236**	**(161,923)**
Hedging instruments and interest advances		
Gearing ratio (Net financial debt / Total equity)		
Total equity	446,155	437,987
Net financial debt on statement of financial position / Total equity	56.0%	N/A
Total net financial debt / Total equity	59.0%	N/A
Leverage ratio (Net financial debt / EBITDA)		
Net financial debt on statement of financial position / EBITDA	2.2	N/A
Total net financial debt / EBITDA	2.3	N/A
Net working capital		
Inventories and contracts in progress	57,346	43,692
Trade receivables	67,716	78,135
Other receivables	35,040	22,949
Income tax receivables	2,332	3,739
Trade payables	(75,638)	(70,068)
Current contract liabilities	(7,587)	(8,037)
Income tax payables	(4,444)	(1,781)
Other amounts payable	(29,964)	(44,955)
Net working capital	**44,800**	**23,674**
Current ratio (= Current assets / Current liabilities)		
Current assets	746,452	339,907
Current liabilities	378,042	131,256
Current ratio (factor)	**2.0**	**2.6**

7.3 Recticel NV/SA – General information

Recticel NV/SA

Address
Bourgetlaan 42 Avenue du Bourget
1130 Brussels
Belgium

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

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

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

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

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

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

Subscribed capital: EUR 140,577,300
(per 31 December 2023)

Type and number of shares: at 31 December 2023 there was only one type of shares, namely ordinary shares; total number of shares outstanding: 56,230,920

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 NV/SA and the report of the Statutory Auditor will be filed with the Belgian National Bank.

They are available on request from:
Recticel NV/SA - Corporate Communications
Bourgetlaan 42 Avenue du Bourget
1130 Brussels
Belgium
Tel.: +32 (0)2 775 18 11
E-mail: corporate@recticel.com

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

The Statutory Auditor has delivered an unqualified opinion on the statutory annual accounts of Recticel NV/SA.

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

7.4 Recticel NV/SA - Condensed statutory accounts

The statutory statement of financial position and the statutory income statement for the period ended 31 December 2023 of Recticel NV/SA are given below in a condensed form. The accounting principles used for the Statutory Financial Statements of Recticel NV/SA differ from the accounting principles used for the Consolidated Financial Statements: the Statutory Financial Statements follow the Belgian legal requirements, while the Consolidated Financial Statements follow the International Financial Reporting Standards.

in thousand EUR

Recticel NV/SA		31 DEC 2022	31 DEC 2023
ASSETS			
FIXED ASSETS		**922,135**	**732,765**
I.	Formation expenses	0	
II.	Intangible assets	12,030	9,954
III.	Tangible assets	33,196	33,008
IV.	Financial assets	876,909	689,803
CURRENT ASSETS		**70,498**	**129,086**
V.	Amounts receivable after one year	4,000	5,585
VI.	Inventories and contracts in progress	15,539	9,693
VII.	Amounts receivable within one year	48,715	48,511
VIII.	Cash investments	1,398	64,398
IX.	Cash	23	174
X.	Deferred charges and accrued income	821	724
TOTAL ASSETS		**992,632**	**861,851**
LIABILITIES			
I.	Capital	140,521	140,577
II.	Share premium account	133,596	133,729
III.	Revaluation surplus	2,551	2,551
IV.	Reserves	17,640	17,645
V.	Profits (losses) brought forward	123,573	464,937
VI.	Investment grants	0	0
VII.	A. Provisions for liabilities and charges	4,489	17,339
	B. Deferred taxes	0	0
VIII.	Amounts payable after one year	66,248	4,998
IX.	Amounts payable within one year	502,128	78,557
X.	Accrued charges and deferred income	1,884	1,516
TOTAL EQUITY AND LIABILITIES		**992,632**	**861,851**

in thousand EUR

Recticel NV/SA		31 DEC 2022	31 DEC 2023
PROFIT AND LOSS ACCOUNT			
I.	**Operating revenues**	**286,999**	**158,127**
II.	Operating charges	(243,904)	(199,695)
III.	**Operating profit (loss)**	**43,094**	**41,567**
IV.	Financial income	13,549	499,103
V.	Financial charges	(13,751)	(98,194)
VI.	**Profit (loss) for the year before taxes**	**42,892**	**359,342**
VII.	Income taxes	(1,492)	(540)
VIII.	**Profit (loss) for the year after taxes**	**41,400**	**358,801**
IX.	Transfer to untaxed reserves	0	0
X.	**Profit (loss) for the period available for appropriation**	**41,400**	**358,801**

The management report of the Board to the Annual General Meeting of Shareholders and the Statutory Financial Statements of Recticel NV/SA, as well as the auditor's report, will be filed with the National Bank of Belgium within the statutory periods. The statutory annual accounts of Recticel NV/SA as well as the statutory report by the Board of Directors, is freely available on the company's website 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.

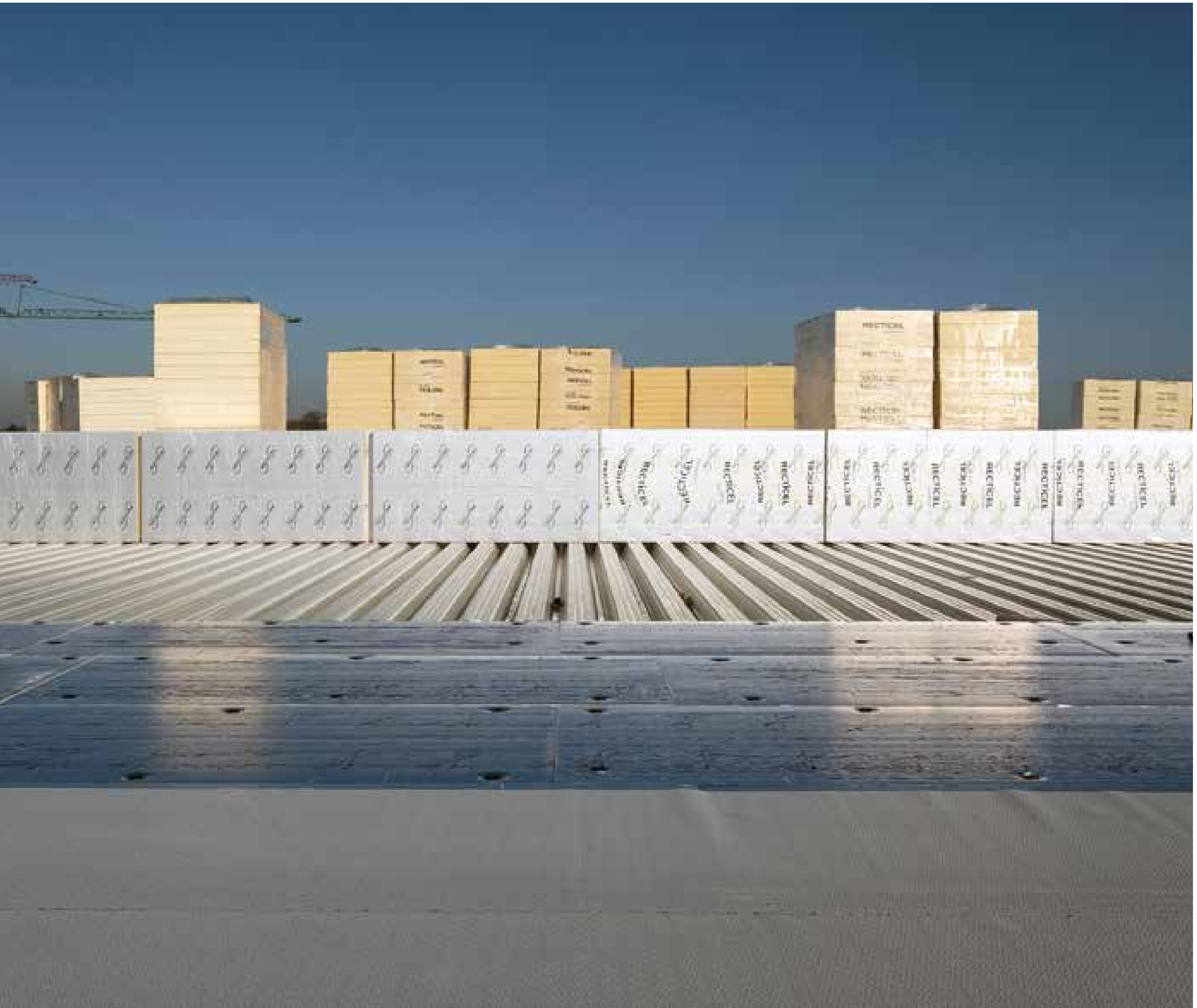
The Board of Directors decided to present the following appropriation of the results to the General Meeting:

in EUR

Recticel NV/SA	31 DEC 2023	
Profit (loss) for the financial year	358,801,214	
Profit (loss) brought forward from previous year	123,573,472	+
Profit (loss) to be added to legal reserves	5,625	-
Profit (loss) to be added to other reserves		-
Result to be appropriated	**482,369,061**	**=**
Gross dividend[1]	17,431,585	-
Profit to be carried forward	**464,937,476**	**=**

[1] Gross dividend per share of EUR 0.31, resulting in a net dividend after tax of EUR 0.217 per ordinary share.

7.5 Declaration by the Responsible Officers



We hereby certify that, to the best of our knowledge, the Consolidated Financial Statements as of 31 December 2023, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and with legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Johnny Thijs, Chairman of the Board of Directors

Jan Vergote, Chief Executive Officer

Dirk Verbruggen, Chief Financial & Legal Officer

8 Appendix

8.1 Auditor's reports

RECTICEL NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

We have been appointed as statutory auditor by the general meeting d.d. 25 May 2021, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2023. We have performed the statutory audit of the Group's consolidated accounts for 3 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR '000 659,954 and a result of the period after taxes – continuing and discontinued operations (share of the Group) of EUR '000 3,310.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

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

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

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

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

Key audit matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated accounts of the current period. This matter was addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<u>Provision for indemnities as a result of the divestment of engineered foams activities - Note 7.2.4.7</u>

Description of key audit matter

On 12 June 2023 all conditions of the binding agreement to sell the Engineered Foams business line to Carpenter Co. ("Carpenter") were met and the divestment has been closed with Carpenter. The share purchase agreement ("SPA") between Recticel NV ("Recticel") and Carpenter provides for representations and warranties and specific indemnities relating to the period before closing and for which Recticel remains liable. The liabilities with regard to the representation and warranties are covered by a warranty and indemnity insurance, but the specific indemnities remain a potential risk for Recticel. This liability is capped at 15% of the total enterprise value, or EUR 67,5 million. Recticel has evaluated the risks in this regard and has provisioned an amount of EUR 14,0 million to cover this potential risk consisting of EUR 10,0 million related to environmental risks and EUR 4,0 million to litigation and non-compliance matters, legal proceedings and lawyer costs.

The matter was of most significance to our audit because the assessment process is complex and involves significant management judgement. Changes in assumptions and estimates used to value the provision may have a significant effect on the Group's financial statements.

How our audit addressed the key audit matter

As part of our audit procedures, we have assessed management's process to define the expected outflow of resources to settle potential indemnities in the future in compliance with IAS 37 requirements. We assessed the accuracy, valuation and completeness of this provision as per 31 December 2023. This assessment included:

- Reviewing the indemnities mentioned in the SPA and the disclosure letter;
- Conducting interviews with responsible officers including Chief Legal Officer;
- Comparing management's estimates related to environmental risks to relevant internal and external documentation;
- Comparing management's estimates related to litigations, non-compliance matters, legal proceedings and lawyer costs to relevant internal and external documentation;
- Evaluation of consistency in assumptions and accounting estimates applied by management.

Finally, we focused on the adequacy of the Company's disclosures in Note 7.2.4.7 of the consolidated accounts.

We found the methodologies and the assumptions applied to be in line with our expectations. We consider the disclosure as appropriate.

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

Statutory auditor's responsibilities

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

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

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

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

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

Statement related to independence

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

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

European Uniform Electronic Format ("ESEF")

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

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

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

Based on our procedures performed, we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Recticel NV per 31 December 2023 comply in all material respects with the ESEF requirements under the Delegated Regulation

Other statements

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

Diegem, 29 April 2024

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

Marc Daelman*
Réviseur d'Entreprises / Bedrijfsrevisor

*Acting on behalf of Marc Daelman BV

INDEPENDENT LIMITED ASSURANCE REPORT ON THE SUBJECT MATTER INFORMATION OF THE ANNUAL REPORT 2023 OF RECTICEL NV

To the Board of Directors of Recticel NV

This report has been prepared in accordance with the terms of our engagement contract dated 12 January 2024 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with a selection of sustainability KPIs included in the Annual Report as of and for the year ended 31 December 2023 of Recticel NV (the "Report"), as listed in the Appendix of this assurance report.

The Directors' responsibility

The Directors of Recticel NV ("the Company") are responsible for the preparation and presentation of the selection of sustainability KPIs for the year 2023 included in the Report, as listed in the Appendix of this assurance report (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.

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.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board. 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 has not been prepared, in all material respects, in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable engagement been performed. The selection of such procedures depends on our professional judgment, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with the Criteria.

The scope of our work comprised the following:

- 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 2023 presented in the Report;
- conducting interviews with responsible officers;
- reviewing, on a limited test basis, relevant internal and external documentation;
- performing an analytical review of the data and trends in the information submitted for consolidation;
- considering the disclosure and presentation of the Subject Matter Information.

The scope of our work is limited to assurance over the Subject Matter Information. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

Our independence and quality control

We have complied with the independence and other ethical requirements in the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (IESBA Code) together with the legal Belgian requirements in respect of the 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 organising the audit profession and its public oversight of registered auditors and with Art. 3:62, 3:63 and 3:64 and 3:65 of the Companies' and Associations' Code.

Our firm applies International Standard on Quality Management n°1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Related Services Engagements, and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

pwc

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information within your Annual Report as of and for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the Criteria.

Other ESG related information

The other information comprises all of the ESG related information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other ESG related information. As explained above, our assurance conclusion does not extend to the other ESG related information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other ESG related information and, in doing so, consider whether the other ESG related information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Other matter - restriction on use and distribution of our report

Our report is intended solely for the use of the Company, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2023 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.

Diegem, 29 April 2024

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL
represented by

Marc Deaelman[1]
Bedrijfsrevisor/Réviseur d'entreprise

[1] Acting on behalf of Marc Daelman BV

pwc

Appendix – Subject Matter Information

Chapter in the Annual Report 2023 of Recticel NV	The selection of sustainability KPIs
Chapter “6.1.6.2 GHG emissions – scope 1, 2 & 3”	Recticel Group GHG emissions - scope 1 GHG emissions (in tCO2e)
	Recticel Group GHG emissions - scope 2 GHG emissions (in tCO2e)
	Recticel Group GHG emissions - scope 3 GHG emissions (in tCO2e)
Chapter “6.2.9. S9 - Diversity metrics” - table 1	Gender distribution in number and percentage at top management level amongst Recticel employees [KPI: Gender diversity in senior management positions (Recticel HG 18+)]
Chapter “6.2.13. S13 - Training and skill development metrics” - table 2	% employee participation in governance and cybersecurity e-learning including Legal, Cybersecurity and Safety, as well as expanding new offerings based on specific needs detected during the annual Employee Performance Management Discussion - Governance and cybersecurity programmes.
Chapter “6.2.14. S14 - Health and safety metrics” - table 6	Frequency 1 (Lost Time Accidents)
	Frequency 2 (Lost Time Accidents + Restricted Work Cases + Medical Treatment Cases)

8.2 Glossary

IFRS MEASURES

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

ALTERNATIVE PERFORMANCE MEASURES

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

Adjusted EBITDA: EBITDA before Adjustments (to Operating Profit)

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

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

Avoided emissions: Avoided emissions are emission reductions that occur outside of a product's life cycle or value chain, but as a result of the use of that product

BEIS: UK Department for Business, Energy and Industrial Strategy

BC ADEME: 'Bilan Carbone' from French 'Agence de la Transition Energétique'

CDP: Not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts

CFC: Chlorofluorocarbons

Current ratio: Current assets / Current liabilities

COMAH: Control Of Major Accidents Hazards, UK law

DEFRA: Department for Environment, Food & Rural Affairs in the UK, providing carbon conversion factors

DNSH: Do No Significant Harm principle; in the context of the EU Taxonomy, an economic activity contributing to one or more of the six environmental objectives without significantly harming any of these

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

EPD: Environmental Product Declaration

ESG: Environmental, Social and Governance

ESRS: European Sustainability Reporting Standards, covering the full range of environmental, social, and governance issues, including climate change, biodiversity and human rights

EWC: European Works Council

FTE: Full-Time Equivalent – refers to the number of full-time hours being worked at the company

Gearing: Net financial debt / Total equity

GHG: Greenhouse Gas

Ground water: Water that accumulates underground

Hay grade 18: Grade 18 in terms of the grading system utilized and developed by the Hay Group, a job evaluation consultancy firm, to assess a Recticel specific job based on skill, effort, responsibility and working conditions

Headcount: Refers to how many people a company employs

HFC: Hydrofluorocarbon

Higg: Higg Materials Sustainability Index, designed to compare the environmental impact of different materials so design and development teams can make more sustainable choices during materials selection

IEA: International Energy Agency

ILO: International Labour Organisation

Income from associates: Income considered as being part of the Group's core business are integrated in Operating profit (loss)

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)

ISO 14001: Internationally recognized standard for environmental management systems (EMS)

Lambda value: Measure of how efficiently a material conducts heat

LCA: Life Cycle Assessment, assessing the environmental impacts of a product or service throughout its entire life cycle, from extraction of raw materials to end-of life disposal

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

Location-based: Reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)

Margin: EBITDA margin, Adjusted EBITDA margin, Operating Profit (loss) margin and Adjusted operating profit (loss) margin are expressed as a % on sales

Market-based: Reflects emissions from electricity that companies have purposefully chosen (or their lack of choice)

Municipal water: Drinking water

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

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

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

Non-employees: People with contracts to supply labour ("self-employed people") or people provided by temporary agencies to the company

OECD: Organisation for Economic Co-operation and Development

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 continued activities

PFC: Perfluorinated compound

PIR: Polyisocyanurate

PU: Polyurethane

QHS&E: Quality, Health, Safety and Environment

RSSR: Recticel Supplier Sustainability Requirements

SBTi: Science Based Targets initiative, corporate climate action organization

SBTs: Science-Based Targets

Scope 1: Direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles)

Scope 2: Indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling, for own use from a utility provider

Scope 3: Indirect GHG emissions not included in scope 2 that occur in the value chain of the company (upstream and downstream activities). The GHG Protocol separates scope 3 emissions into 15 categories

Severe human rights issues: Work-related incidents of discrimination on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, including harassment

SEVESO: EU Directive on the control of major-accident hazards involving dangerous substances, applying to over 12,000 industrial installations across the EU

tCO_2e: Metric tonnes of carbon dioxide equivalent

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

U-value: Presents the rate of thermal transmittance through a material or building element, quantifying how well a material acts as a thermal insulator or conductor

W/m^2K: Watts per square meter Kelvin

White-collar employees: Person who performs professional service, desk, managerial, or administrative work

WRI: World Resources Institute

8.3 Shareholder's Diary

First quarter trading update 2024	29.04.2024 (07:00 AM CET)
Annual General Meeting	28.05.2024 (10:00 AM CET)
First half year results 2024	30.08.2024 (07:00 AM CET)
Third quarter trading update 2024	31.10.2024 (07:00 AM CET)

8.4 GRI Content Index

This report has been prepared in accordance with the GRI Universal Standards 2021.

NUMBER	DISCLOSURE	CHAPTER
GRI 1 FOUNDATION 2021		
	Publish a GRI content index	8.2
	Statement of use	0 (About this report)
GRI 2 GENERAL DISCLOSURES 2021		
2-1	Organizational details	1.1; 3.2
2-2	Entities included in the organization's sustainability reporting	1.1; 3.2
2-3	Reporting period, frequency and contact point	0 (About this report)
2-4	Restatements of information	0 (We Are Recticel); 6.1.5; 6.1.6
2-5	External assurance	8.1
2-6	Activities, value chain, and other business relationships	3
2-7	Employees	6.2
2-8	Workers who are not employees	6.2 (Overview ESRS S1 - Own workforce)
2-9	Governance structure and composition	6.3
2-10	Nomination and selection of the highest governance body	6.3.1.6
2-11	Chair of the highest governance body	4.2; 6.3.1.6
2-12	Role of the highest governance body in overseeing the management of impacts	6.3.1.1; 6.3.1.2; 6.3.1.3
2-13	Delegation of responsibility for managing impacts	6.3.1.3
2-14	Role of the highest governance body in sustainability reporting	2.5.2.1; 6.3.1.2
2-15	Conflicts of interest	6.3.1.9
2-16	Communication of critical concerns	6.3.1.3
2-17	Collective knowledge of the highest governance body	4.2
2-18	Evaluation of the performance of the highest governance body	6.3.1.6 (Functioning of the Board of Directors)
2-19	Remuneration policies	6.3.7.2
2-20	Process to determine remuneration	6.3.1.7.2
2-21	Annual total compensation ratio	6.3.7.8
2-22	Statement on sustainable development strategy	2.5.2.2; 6.1.1
2-23	Policy commitments	6.1.2; 6.2.1; 6.3.1.3
2-24	Embedding policy commitments	6.3.1
2-25	Processes to remediate negative impacts	5.2
2-26	Mechanisms for seeking advice and raising concerns	6.2.1.3; 6.2.3
2-27	Compliance with laws and regulations	6.2.1.2
2-28	Membership associations	6.2.14
2-29	Approach to stakeholder engagement	2.3
2-30	Collective bargaining agreements	6.2.8
GRI 3 MATERIAL TOPICS 2021		
3-1	Process to determine material topics	5.3.1
3-2	List of material topics	5.3.2 (Relevant ESG risks)
3-3	Management of material topics	5.3.2 (Relevant ESG risks)

NUMBER	DISCLOSURE	CHAPTER
GRI 200 ECONOMIC TOPICS		
GRI 201 Economic Performance 2016		
201-1	Direct economic value generated and distributed	7.1
201-2	Financial implications and other risks and opportunities due to climate change	5.2; 5.3.2.1; 6.1.9; 7.2.1.7
201-3	Defined benefit plan obligations and other retirement plans	7.2.5.14
201-4	Financial assistance received from government	7.2.1.3
GRI 205 Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	5.2; 6.3.1.3
205-2	Communication and training about anti-corruption policies and procedures	6.2.13
205-3	Confirmed incidents of corruption and actions taken	6.3.4
GRI 206 Anti-competitive behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6.3.4
GRI 207 Tax 2019		
207-1	Approach to tax	7.2.4.6; 7.2.1.3
207-2	Tax governance, control, and risk management	7.2.5.18
207-3	Stakeholder engagement and management of concerns related to tax	7.2.4.6
207-4	Country-by-country reporting	7.2.4.6
GRI 300 ENVIRONMENTAL TOPICS		
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GRI 302 Energy 2016		
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302-5	Reductions in energy requirements of products and services	6.1.5; 6.1.6.4
GRI 303 Water and effluents 2018		
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303-5	Water consumption	6.1.10.1
GRI 304 Biodiversity 2018		
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GRI 305 Emissions 2016		
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305-2	Energy indirect (Scope 2) GHG emissions	6.1.6.2
305-3	Other indirect (Scope 3) GHG emissions	6.1.6.2
305-4	GHG emissions intensity	6.1.6.2
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GRI 308 Supplier Environmental Assessment 2016		
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NUMBER	DISCLOSURE	CHAPTER
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GRI 414 Supplier social assessment 2016		
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GRI 415 Public policy 2016		
415-1	Political contributions	6.3.5
GRI 416 Customer health and safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	6.2.14
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6.2.14

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