Q1 2022
QUARTERLY REPORT

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1. Key Figures

(€ thousands)	Q1 2022	Q1 2021 (1)
Results		
Revenue	**74,988**	**65,221**
Adjusted EBITDA	**5,988**	**9,052**
Adjusted EBITDA Margin	**8.0%**	**13.9%**
Integration and restructuring expenses	(7)	(5,472)
EBITDA	5,981	3,580
Depreciation / amortisation	(4,308)	(4,120)
Operating profit / (loss) for the period	1,673	(540)
Net finance expenses	(5,848)	(8,792)
Income tax benefit / (expense)	(2,821)	1,303
Profit/(loss) for the period	**(6,997)**	**(8,029)**
Cash flow		
Cash, cash equivalents and bank overdrafts at the beginning of the period from continuing operations	51,394	104,440
Net cash flow from operating activities	124	6,065
Net cash flow from investing activities	(2,787)	(1,701)
Net cash flow from financing activities	(12,508)	(18,201)
Financing and cash transactions between continued and discontinued operations	(11,521)	(4,825)
Cash, cash equivalents and bank overdrafts at the end of the period from continuing operations	24,702	85,777

(1) Restated for the impact of the Discontinued Operations in accordance with IFRS 5

Financial position

In relation to Balta's financing agreements, the documentation provides for the effect of changes in accounting standards to be neutralized. As such, the application of IFRS 16 has no consequence for the Group's financing.

(€ thousands)	Q1 2022	Q1 2021
Net debt [1]	**306,573**	**256,537**
LTM Adjusted EBITDA	70,329	63,558
Leverage	**4.4**	**4.0**

Note 1: IFRS 16 effect is excluded from the leverage comparison (see glossary)

2. Management discussion and analysis of the results

2.1. Group Financial Highlights

- Q1 consolidated Revenue of €75.0m (+15.0% YoY)
    - Organic revenue increased by 11.4%, while FX impact contributed 3.6%
    - Revenue growth by division: Commercial 15.7%, Residential PA 13.3%
- Q1 Adjusted EBITDA of €6.0m (-33.6% YoY) and Adjusted EBITDA margin of 8.0% (13.9% in Q1 2021)
    - Commercial EBITDA increased to €+7.0m (+8.7% YoY)
    - Residential PA EBITDA declined to €-1.0m (vs €2.6m in Q1 21)
- The declining EBITDA despite strong revenue increase reflects a partially anticipated margin compression versus a strong Q1 2021 (that benefited from 2020 cost prices) and the rapid recent surge in input costs which still needs to be passed on to customers.
- Pro-forma for the Transaction (assuming it would have closed on 31st of March), Q1 Net Debt was approximately €157m resulting in a leverage[1] of 3.8x
- Pro-forma total available liquidity (including headroom under the RCF) at the end of Q1 amounted to approximately €65m.

2.2. Business Update

- Balta Group nv continues to be confronted with the significant inflation for raw materials, energy and transportation costs. Price increases have been implemented across all division in response to these input price increases. In Residential PA these price increases have not yet reached their full potential.
- Further price increases will be introduced in due course to defend margins.
- In our Commercial Division, which now represents approximately 70% of our business, Q1 saw an improvement in sales and EBITDA as well as a strong orderbook at the end of the quarter.

2.3. Cyrille Ragoucy, CEO and Chairman of the Board of Balta said,

"2022 marks a new important chapter in the history of Balta with the closing of the transaction with Victoria PLC and transformation of Balta Group nv into a more focused and resilient business.

During Q1, we experienced a recovery of our commercial business with a strong order book conversion to sales as COVID-19 restrictions eased, while the results of our Residential PA business suffered from the significant headwinds caused by the unprecedented and sudden costs increases which require further commercial action in Q2."

[1] As defined in the SSN facility agreements, excluding IFRS16 impact but including sale and leasebacks

3. Operating review per segment

3.1. Revenue and Adjusted EBITDA per segment

(€ million, unless otherwise mentioned)	*Q1 2022*	Q1 2021	% Change	o/w organic growth	o/w FX
Commercial	52.9	45.7	15.7%		
Residential PA	22.1	19.5	13.3%		
Consolidated Revenue	**75.0**	**65.2**	**15.0%**	**11.4%**	**3.6%**
Commercial	7.0	6.4	8.7%		
Residential PA	(1.0)	2.6	(137.2)%		
Consolidated Adjusted EBITDA	**6.0**	**9.1**	**(33.6)%**	**(38.0)%**	**4.3%**
Commercial	13.2%	14.1%			
Residential PA	(4.4)%	13.5%			
Consolidated Adjusted EBITDA Margin	**8.0%**	**13.9%**			

Note: the segment table has been copied from the press release issued by Balta Group NV, where EBITDA is slightly higher than at LSF9 Balta Issuer level due to a markup on management services provided at level of Balta Group NV and then charged to LSF9 Balta Issuer and subsidiaries.

3.2. Commercial

Our Commercial division, which now represents approximately 70% of our business in terms of revenues, realized Q1 revenue of €52.9m, up 15.7% versus the first quarter of 2021. Although volumes did not yet fully return to pre-pandemic 2019 levels, both Europe and US reported a double-digit revenue increase mainly due to the implemented price increases.

Adjusted EBITDA in Q1 was €7.0m, up from €6.4m in the same quarter last year. Despite the strong cost inflation, Q1 Adjusted EBITDA margin only slightly decreased to 13.2% from 14.1% last year.

3.3. Residential PA

Our Residential PA division realized Q1 revenue of €22.1m, up 13.3% versus the first quarter of 2021 driven by both volumes and prices.

Adjusted EBITDA in Q1 was €-1.0m, down from €2.6m in the same quarter last year. The negative Q1 performance was largely driven by the continued input cost pressure and timing delays in passing these on to customers.

3.4. Q1 2022 Revenue and Adjusted EBITDA per Division for discontinued operations

(€ million, unless otherwise mentioned)	*Q1 2022*	Q1 2021	% Change	o/w organic growth	o/w FX
Consolidated Revenue	**96.7**	**87.4**	**10.7%**	**10.7%**	**0.0%**
Consolidated Adjusted EBITDA	**7.1**	**12.1**	**(41.3)%**	**(41.3)%**	**0.0%**
Consolidated Adjusted EBITDA Margin	**7.3%**	**13.8%**			

4. Other financial items review

4.1. Net financing expenses for continuing operations

Net finance expenses for the first three months of 2022 are equal to €5.8m, as compared to €8.8m in the same period last year. The higher amount of last year is mainly due by taking into P&L the remaining capitalized debt cost on our old notes as part of the refinancing operation that concluded in Q1 2021.

4.2. Taxation for continuing operations

Income taxes represent a cost of €2.8m for the first three months of 2022, as compared to an income tax benefit of €1.3m in the same period last year.

4.3. Earnings per share for continuing operations

Net earnings per share for the first three months of 2022 were a loss of €0.02 versus €0.00 in the same period last year.

4.4. Cashflow and net debt

The Group Net Debt (including IFRS 16) at the end of March 2022 increased by €20.2m to €350.9m from €330.7m at FYE 2021, mainly due to higher working capital (largely as a result of cost increases in raw materials, energy and transportation), resulting in an increase in group leverage to 4.4x compared to 3.6x at the end of 2021. Pro-forma for the Transaction, Net Debt was approximately €157m, resulting in a leverage of 3.8x (assuming the Transaction would have closed on 31st of March).

5. Risk Factors

There are no material changes related to the risks and uncertainties for the Group as explained in the section “Summary of main risks” of the 2021 annual report.

6. Consolidated Interim Financial Statements

6.1. Consolidated Statement of Comprehensive Income

(€ thousands)	Q1 2022	Q1 2021 (2)
I. CONSOLIDATED INCOME STATEMENT		
Revenue	74,988	65,221
Raw material expenses	(34,853)	(30,447)
Changes in inventories	4,892	5,650
Employee benefit expenses	(17,785)	(15,971)
Other income	(207)	(203)
Other expenses	(21,046)	(15,198)
Depreciation/ amortization	(4,308)	(4,120)
Adjusted Operating Profit [1]	**1,680**	**4,932**
Integration and restructuring expenses	(7)	(5,472)
Operating profit / (loss) [1]	**1,673**	**(540)**
Finance income	(27)	-
Finance expenses	(5,822)	(8,792)
Net finance expenses	**(5,848)**	**(8,792)**
Profit / (loss) before income taxes	**(4,176)**	**(9,332)**
Income tax benefit / (expense)	(2,821)	1,303
Profit / (loss) for the period from continuing operations	**(6,997)**	**(8,029)**
Profit/ (loss) for the period from discontinued operations	4,020	8,322
Profit/(loss) for the period	**(2,976)**	**293**
Attributable to:		
Equity holders	(2,976)	293
Non-controlling interest	-	-
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME		
Items in other comprehensive income that may be subsequently reclassified to P&L		
Exchange differences on translating foreign operations	2,322	4,952
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	152	(485)
Items in other comprehensive income that will not be reclassified to P&L		
Changes in deferred taxes	(105)	(7)
Changes in employee defined benefit obligations	432	25
Other comprehensive income for the period, net of tax	**2,802**	**4,485**
Other comprehensive income for the period, net of tax for discontinued operations	(1,762)	(1,714)
Total comprehensive income for the period	**(1,936)**	**3,064**
Basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the company	**(0.02)**	**0.00**

(1) Adjusted Operating Profit / Operating profit/(loss) are non-GAAP measures.
Adjusted EBITDA is calculated as Adjusted Operating Profit (Loss) adjusted for depreciation and amortization charges.
(2) Restated for the impact of the Discontinued Operations in accordance with IFRS 5

The accompanying notes form an integral part of these consolidated condensed interim financial statements.

6.2. Consolidated Statement of Financial Position

(€ thousands)	31 March 2022	31 December 2021
Property, plant and equipment	97,850	105,943
Land and buildings	49,166	52,390
Plant and machinery	43,318	47,134
Other fixtures and fittings, tools and equipment	5,365	6,420
Goodwill	102,547	101,110
Intangible assets	5,964	6,424
Deferred income tax assets	4,592	4,592
Trade and other receivables	440	537
Total non-current assets	**211,392**	**218,606**
Inventories	67,709	62,812
Trade and other receivables	34,383	23,824
Current income tax assets	9	9
Cash and cash equivalents	24,702	51,394
Assets from discontinued operations	339,771	329,983
Total current assets	**466,574**	**468,022**
Total assets	**677,966**	**686,628**
Share capital	137,848	137,848
Share premium	155,486	155,486
Other comprehensive income	(2,033)	(4,835)
Retained earnings	(25,530)	(18,534)
Elements of comprehensive income from discontinued operations	(165,792)	(162,767)
Other reserves	(14,283)	(14,283)
Total equity	**85,697**	**92,916**
Senior Secured Notes	234,657	233,744
Bank and Other Borrowings	42,285	43,687
Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)	*24,696*	*25,620*
Deferred income tax liabilities	8,963	8,459
Provisions for other liabilities and charges	2,073	2,025
Employee benefit obligations	706	762
Total non-current liabilities	**288,684**	**288,678**
Senior Secured Notes	1,938	6,714
Bank and Other Borrowings	59,679	60,393
Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)	4,680	*5,514*
Other payroll and social related payables	11,019	14,572
Trade and other payables	54,923	45,516
Income tax liabilities	2,120	621
Liabilities from discontinued operations	173,907	177,218
Total current liabilities	**303,586**	**305,034**
Total liabilities	**592,269**	**593,712**
Total equity and liabilities	**677,966**	**686,628**

The accompanying notes form an integral part of these consolidated condensed interim financial statements.

6.3. Consolidated Statement of Cash Flows

(€ thousands)	Q1 2022	Q1 2021 [1]
I. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) from the period for continuining operations	**(6,997)**	**(8,029)**
Adjustments for:		
Income tax expense/(income)	2,821	(1,303)
Finance income	27	-
Financial expense	5,822	8,792
Depreciation, amortisation	4,308	4,120
(Gain)/loss on disposal of non-current assets	-	-
Movement in provisions and deferred revenue	1,800	(1,859)
Fair value of derivatives	152	180
Cash generated before changes in working capital	**7,933**	**1,901**
Changes in working capital:		
Inventories	(6,159)	530
Trade receivables	(5,390)	(1,742)
Trade payables	4,706	10,493
Other working capital	(826)	(2,536)
Cash generated after changes in working capital	**264**	**8,645**
Net income tax (paid)	(140)	(2,581)
Net cash generated / (used) by operating activities	**124**	**6,065**
II. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,793)	(1,725)
Acquisition of intangibles	-	-
Proceeds from non-current assets	6	23
Net cash used by investing activities	**(2,787)**	**(1,701)**
IIII. CASH FLOW FROM FINANCING ACTIVITIES		
Interest and other finance charges paid, net	(10,443)	(12,014)
Proceeds from borrowings with third parties	-	-
Repayments of Senior Secured Notes	-	(243)
Repayments of borrowings with third parties	(2,065)	(5,944)
Net cash generated / (used) by financing activities	**(12,508)**	**(18,201)**
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS for continuing operations	**(15,171)**	**(13,838)**
Cash, cash equivalents and bank overdrafts at the beginning of the period from continuing operations	**51,394**	**104,440**
Financing and cash transactions between continued and discontinued operations	(11,521)	(4,825)
Cash, cash equivalents and bank overdrafts at the end of the period from continuing operations	**24,702**	**85,777**
Cash, cash equivalents and bank overdrafts at the end of the period from discontinued operations	4,480	1,450

(1) Restated for the impact of the Discontinued Operations in accordance with IFRS 5

The accompanying notes form an integral part of these consolidated condensed interim financial statements.

6.4. Consolidated Statement of Changes in Equity

(€ thousands)	Share capital	Share premium	Other comprehensive income	Retained earnings	Other reserves	Total	Elements of comprehensive income from discontinued operations	Total equity
Balance 31 December 2020	**137,848**	**155,486**	**(13,630)**	**(1,950)**	**(14,283)**	**263,471**	**(40,006)**	**223,464**
Adoption of accounting policies	0	0	0	-	-	-	0	-
Balance 1 January 2021	**137,848**	**155,486**	**(13,630)**	**(1,950)**	**(14,283)**	**263,471**	**(40,006)**	**223,464**
Profit / (loss) for the period	-	-	0	(16,583)	-	(16,583)	(112,712)	(129,295)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	8,804	-	-	8,804	(10,375)	(1,571)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	(117)	-	-	(117)	-	(117)
Cumulative changes in deferred taxes	-	-	(17)	-	-	(17)	(116)	(133)
Cumulative changes in employee defined benefit obligations	-	-	125	-	-	125	442	568
Total comprehensive income for the period	**-**	**-**	**8,796**	**(16,583)**	**-**	**(7,787)**	**(122,761)**	**(130,548)**
Balance at 31 December 2021	**137,848**	**155,486**	**(4,835)**	**(18,534)**	**(14,283)**	**255,683**	**(162,767)**	**92,916**
Balance 1 January 2021	**137,848**	**155,486**	**(4,835)**	**(18,534)**	**(14,283)**	**255,683**	**(162,767)**	**92,916**
Profit / (loss) for the period	-	-	-	(6,997)	-	(6,997)	(1,263)	(8,259)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	2,322	-	-	2,322	(1,632)	690
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	152	-	-	152	8	160
Cumulative changes in deferred taxes	-	-	(105)	-	-	(105)	41	(64)
Cumulative changes in employee defined benefit obligations	-	-	432	-	-	432	(178)	254
Total comprehensive income for the period	**-**	**-**	**2,802**	**(6,997)**	**-**	**(4,195)**	**(3,024)**	**(7,219)**
Balance at 31 March 2022	**137,848**	**155,486**	**(2,033)**	**(25,530)**	**(14,283)**	**251,489**	**(165,792)**	**85,697**

The accompanying notes form an integral part of these consolidated condensed interim financial statements.

6.5. Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

6.5.1. Significant Accounting Policies

These consolidated condensed interim financial statements for the three months ended March 31, 2022 have been prepared in accordance with IAS 34 *Interim financial reporting*. They do not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report of LSF9 Balta Issuer S.à r.l. for the year ended December 31, 2021 and any public announcements made by Balta Group during the interim reporting period.

The amounts in this document are presented in thousands of euro, unless otherwise stated. Rounding adjustments have been made in calculating some of the financial information included in these consolidated condensed interim financial statements.

The accounting policies are consistent with those of the previous financial year and corresponding interim period.

6.5.2. Segment Reporting

Segment information is presented in respect of the Company's business segments. The performances of the segments is reviewed by the chief operating decision maker, which is the Management Committee.

(€ thousands)	Q1 2022	Previous reported figures (1)
Revenue by segment for continuing operations	**74,988**	**65,221**
Commercial	52,920	45,739
Residential PA	22,067	19,482
Discontinued Operations	**96,729**	**87,382**
Revenue by geography for continuing operations	**74,988**	**65,221**
Europe	32,774	24,522
North America	36,025	35,107
Rest of World	6,189	5,591
Discontinued Operations	**96,729**	**87,382**
Adjusted EBITDA by segment	**5,988**	**9,052**
Commercial	6,985	6,430
Residential PA	(997)	2,621
Discontinued Operations	**7,096**	**12,091**
Net capital expenditure by segment	**2,787**	**1,701**
Commercial	2,005	769
Residential PA	781	933
Discontinued Operations	**5,209**	**4,700**
Net inventory by segment	**67,709**	**62,812**
Commercial	43,494	38,748
Residential PA	24,216	24,064
Discontinued Operations	**116,887**	**114,987**
Trade receivables by segment	**28,812**	**23,961**
Commercial	21,269	18,808
Residential PA	7,543	5,153
Discontinued Operations	**29,549**	**25,556**

Note 1: For Revenue, Adjusted EBITDA and Capital Expenditure, the previous reporting period refers to March 31, 2020 (Restated for the impact of the Discontinued Operations in accordance with IFRS 5). The previous reported period for Net Inventory and Trade Receivables refers to December 31, 2021.

6.5.3. Integration and Restructuring Expenses

The following table sets forth integration and restructuring expenses for the period ended March 31, 2022 and 2021. This comprises various items which are considered by management as non-recurring or unusual by nature.

(€ thousands)	Q1 2022	Q1 2021
Integration and restructuring expenses for continuing operations	**7**	**5,472**
Corporate restructuring		5,459
Business restructuring	-	-
Other	7	13
Discontinued operations	**3,448**	**2,409**

Integration and restructuring expenses over the first three months of 2022 amounted to less than €0.1m, as compared to €5.5m in the same period last year. The integration and restructuring expenses of 2021 were mainly driven by the refinancing cost for the extension of our Senior Secured notes. The non-recurring costs for our discontinued operations are mainly related to the Disposal.

6.5.4. Goodwill

The goodwill increased by €1.4m from €101.1m as of December 31, 2021 to €102.5m as of March 31, 2022. The increase in goodwill reflects the changes in foreign exchange rate from the US dollar to euro from the date of acquisition of Bentley. The related foreign exchange fluctuations are presented in other comprehensive income.

6.5.5. Net Debt Reconciliation

The following table reconciles the net cash flow to movements in net debt:

	Liabilities from financing activities for continuing operations							*Cash and Cash equivalents*			*Cash and Cash equivalents*		
(€ thousands)	Senior Secured Notes due after 1 year	Senior Secured Notes due within 1 year	Lease liabilities due after 1 year	Lease liabilities due within 1 year	Super Senior RCF	Bentley RCF	Total gross financial debt continuing operations	Cash and Cash equivalents continuing operations	Total net financial debt continuing operations	Total gross financial debt discontinued operations	Cash and Cash equivalents discontinued operations	Total net financial debt discontinued operations	Total net financial debt
Net debt as at 31 December 2021	**(234,657)**	**(7,169)**	**(44,026)**	**(7,336)**	**(45,090)**	**(7,960)**	**(346,239)**	**51,394**	**(294,845)**	**(39,758)**	**3,909**	**(35,848)**	**(330,693)**
Cashflows	-	-	-	-	-	-	**-**	(26,691)	**(26,691)**	**-**	570	**570**	**(26,121)**
Repayments of borrowings with third parties	-	-	-	1,708	-	-	**1,708**	-	**1,708**	**1,060**	-	**1,060**	**2,767**
Non- cash movements (including FX)	-	3,976	1,170	(916)	(6)	(161)	**4,062**	-	**4,062**	**(943)**	-	**(943)**	**3,119**
Net debt as at 31 March 2022	**(234,657)**	**(3,194)**	**(42,856)**	**(6,545)**	**(45,096)**	**(8,121)**	**(340,469)**	**24,702**	**(315,767)**	**(39,641)**	**4,480**	**(35,161)**	**(350,928)**

The table above does not include the movements in capitalized financing fees, or the interest paid.

The Group Net Debt (including IFRS 16) at the end of March 2022 increased by €20.2m to €350.9m from €330.7m at FYE 2021, mainly due to higher working capital (largely as a result of cost increases in raw materials, energy and transportation), resulting in an increase in group leverage to 4.4x compared to 3.6x at the end of 2021. Pro-forma for the Transaction, Net Debt was approximately €157m, resulting in a leverage of 3.8x (assuming the Transaction would have closed on 31st of March).

6.5.6. Related Party Transactions

The related party transactions with shareholders and parties related to the shareholders have not substantially changed in nature and impact compared to the year ended December 31, 2021 and hence no updated information is included in this interim report.

The remuneration of key management is determined on an annual basis, for which reason no further details are included in this interim report.

6.5.7. Commitments

There is no significant evolution to report in terms of commitments. Please refer to Note 35 ‘Commitments’ in the IFRS Financial Statements of the 2021 annual report.

6.5.8. Events After the Statement of Financial Position Date

On 4 April 2022, Balta Group nv announced that it has completed the sale of its Rugs, Residential polypropylene (Residential PP) and Non-Woven businesses (the Discontinued Operations), together with the Balta brand, to Victoria PLC (the Transaction).

7. Glossary: Alternative Performance Measures

The following alternative performance measures (non-IFRS) have been used as management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The alternative performance measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results, our performance or our liquidity under IFRS.

Organic Growth is defined as growth excluding (i) FX impact, which comprises the translation of key foreign entities, (ii) M&A impact and (iii) the impact of IFRS16.

Adjusted EBITDA is defined as operating profit / (loss) adjusted for (i) the impact of the purchase price allocation mainly on change in inventories, (ii) gains on asset disposals, (iii) integration and restructuring expenses, (iv) depreciation / amortization and (v) impairment and write-off.

Adjusted EBITDA margin is defined as the Adjusted EBITDA as a percentage of revenue.

Adjusted Operating Profit/Loss is defined as operating profit/(loss) adjusted for (i) the impact of the purchase price allocation mainly on changes in inventory, (ii) gains on assets disposals, (iii) integration and restructuring expenses and (iv) impairment and write-off.

Net Debt is defined as (i) Senior Secured Notes adjusted for the financing fees included in the carrying amount, (ii) Bank and other borrowings adjusted for capitalized financing fees and (iii) cash and cash equivalents.

Net-investment or net-CAPEX is defined as of the sum of all investments in tangible and intangible fixed assets adjusted for proceeds from sales of fixed assets.

Leverage is defined as the ratio of Net Debt to Adjusted EBITDA (excluding IFRS16 impacts as per financing documentation, except for sale-and-leaseback transactions).