

BELYSSE™

Quarterly Report Q3 2022

LSF9 BELYSSE ISSUER S.à r.l.
Senior Secured Notes due 2024
Period ended September 30, 2022

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1. Key Figures Continuing Operations

(€ thousands)	YTD 2022	YTD 2021 ⁽¹⁾
Results from continuing operations		
Revenue	255,370	200,064
Adjusted EBITDA	27,782	31,181
Adjusted EBITDA Margin	10.9%	15.6%
Integration and restructuring expenses	(1,379)	(6,294)
EBITDA	26,404	24,887
Depreciation / amortisation	(13,298)	(12,358)
Operating profit / (loss) for the period	13,105	12,529
Net finance expenses	(15,020)	(21,822)
Income tax benefit / (expense)	(3,698)	(3,971)
Profit/(loss) for the period	(5,612)	(13,263)
Cash flow		
Cash, cash equivalents and bank overdrafts at the beginning of the period from continuing operations	51,394	104,440
Net cash generated / (used) by operating activities	(5,334)	9,167
Net cash used by investing activities	155,641	(6,753)
Net cash generated / (used) by financing activities	(181,555)	(36,878)
Financing and cash transactions between continued and discontinued operations	171	(19,947)
Cash, cash equivalents and bank overdrafts at the end of the period from continuing operations	20,317	50,029

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

Financial position

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

(€ thousands)	Q3 2022	Q3 2021
Net debt ¹	131,580	282,781
Leverage	4.0	3.3

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

2. Management discussion and analysis of the results

2.1. Group Highlights Continuing Operations

- Q3 consolidated Revenue of €91.2m (+34.1% YoY)
 - Organic revenue improved by 23.7%, while FX impact contributed 10.4%
 - Revenue growth by division: Europe 21.6%, United States (US) 46.1%
- Q3 Adjusted EBITDA increased to €10.9m (+2.6% YoY) with an Adjusted EBITDA margin of 12.0% (15.7% in Q3 2021)
 - Europe EBITDA was €0.8m (vs €3.6m in Q3 21)
 - US EBITDA increased to €10.1m (+43.8% YoY)
- In the US, which represents more than half of our business, the continuing strong performance reflects the combined effect of increased volumes and the compensation of the higher input and transformation costs via sales price increases.
- The strong revenue increase in Europe reflects the implemented price increases. The decline of EBITDA is explained by the high input costs which could not be fully passed on to our customers.
- Q3 Net Debt was €166m (including €34m of IFRS 16 impact) up from last quarter mainly due to inventory movements influenced by continued inflation and temporary higher inventory volumes in US following a change of suppliers. Leverage¹ stands at 4.0x (3.7x pro-forma Q2 2022), total available liquidity (including headroom under the RCF) at the end of Q3 amounted to €60m.

2.2. Business Update

As a Group, we continue to face unprecedented inflation in raw materials, energy, transportation and payroll cost. Multiple price increases have been implemented across all lines of the business in response to these cost increases. In our US Division we were able to pass on inflation thanks to our strong market position and demand recovery leading to sales and EBITDA growth. In Europe, where inflation continued at higher rates, more pricing action is required and is being implemented.

2.3. Cyrille Ragoucy, CEO and Chairman of the Board of Belysse Group nv said,

“In Europe we are confronted with unprecedented and continuing rapid cost increases which require constant commercial actions. In Q3 we started to observe signs of demand softening in Europe affecting our Residential business. Whereas in the US, sales as well as our order book remain strong and higher costs are being passed on to our customers.”

¹As 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 for Continuing Operations

3.1.1.Q3 2022

<i>(€ million, unless otherwise mentioned)</i>	Q3 2022	Q3 2021	% Change	o/w growth	o/w FX
Europe	40.4	33.2	21.6%		
US	50.8	34.8	46.1%		
Consolidated Revenue	91.2	68.0	34.1%	23.7%	10.4%
Europe	0.8	3.6	(77.7)%		
US	10.1	7.0	43.8%		
Consolidated Adjusted EBITDA	10.9	10.6	2.6%	(10.6)%	13.1%
Europe	2.0%	10.9%			
US	19.9%	20.2%			
Consolidated Adjusted EBITDA Margin	12.0%	15.7%			

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

3.1.2.YTD 2022

<i>(€ million, unless otherwise mentioned)</i>	YTD Q3 2022	YTD Q3 2021	% Change	o/w growth	o/w FX
Europe	123.3	104.1	18.5%		
US	132.1	96.0	37.6%		
Consolidated Revenue	255.4	200.1	27.6%	20.4%	7.3%
Europe	2.1	13.3	(83.9)%		
US	25.7	18.0	43.0%		
Consolidated Adjusted EBITDA	27.9	31.2	(10.8)%	(19.9)%	9.1%
Europe	1.7%	12.7%			
US	19.5%	18.7%			
Consolidated Adjusted EBITDA Margin	10.9%	15.6%			

Note: the segment table has been copied from the press release issued by Belysse NV, where EBITDA is €0.08m higher than at LSF9 Belysse Issuer level due to a markup on management services provided at level of Belysse Group NV and then charged to LSF9 Belysse Issuer and subsidiaries.

3.2. United States

Our US division realized Q3 2022 revenue of €50.8m, up 46.1% versus Q3 2021. Sales volumes grew double-digit and have reached pre-COVID 19 levels during the quarter. Higher price levels as well as favourable FX translation also contributed to the steep growth.

Adjusted EBITDA in Q3 2022 was €10.1m, up from 7.0m in Q3 2021 with an adjusted EBITDA margin of 19.9% (20.2% in Q3 2021) reflecting the volume growth while offsetting increased input costs

3.3. Europe

Our Europe division realized Q3 2022 revenue of €40.4m, up 21.6% versus Q3 2021. The revenue increase is mainly driven by the several price increases that were implemented and trading of some PP products to end-customers in specific markets . The European Commercial Tiles business shows more resilience in demand than the European Broadloom business.

Adjusted EBITDA in Q3 2022 was €0.8m, down from €3.6m in Q3 2021. This performance was largely driven by lower volume and high input cost during the summer with timing delays in passing these on to customers.

3.4. APPOINTMENT MANAGING DIRECTOR BELYSSE EUROPE

James Neuling was appointed Managing Director Belysse Europe. James joined the company on 3 October 2022 as a seasoned and dynamic executive who brings vast experience in a number of industries, including the textile industry, where he was the Vice-President of Beaulieu Flooring Solutions. James' other senior management positions included Managing Director at Rio Tinto Alcan International and Managing Director of a division at Mondi Group.

4. Other financial items review

4.1. Integration and Restructuring Expenses for continuing operations

Non-recurring expenses for integration and restructuring over the first nine months of 2022 amounted to €1.4m, as compared to €6.3m in the same period last year. The expense in the current period is mainly driven by the one-off cost for attracting and retaining employees to Belysse nv after the Disposal.

4.2. Net financing expenses for continuing operations

Net finance expenses for the first nine months of 2022 are €15.0m, as compared to €21.8m in the same period last year. This decrease is mainly driven by the lower financing cost of the group since the debt repayments after the Disposal.

4.3. Taxation for continuing operations

The income tax expense amounts to €3.7m for the nine months ended 30 September, 2022, compared to an income tax expense of €4.0m in the same period last year. The net expense results from taxing the strong results of our US division. The normalized effective tax rate of the Group is around 25%.

4.4. Earnings per share for continuing operations

The net earnings per share for the first nine months of 2022 were a loss of €0.03, compared to a loss of €0.1 for the same period last year. The net earnings per share for the quarter ending September 2022 were a gain of €0.01, compared to €0 for the same period last year.

4.5. Earnings per share for discontinued operations

The first nine months of 2022 resulted in a loss of €0.40 per share, compared to a gain of €0.08 per share for the same period last year. The loss is caused by the mandatory recycling of currency translation adjustments (CTA) of the discontinued operations at the moment of loss of control which are recycled over the income statement as detailed in note 6.5.

4.6. Cashflow and net debt

Net Debt at the end of September 2022 was €165.6m, versus €330.7m at the end of December 2021. The decrease in Net Debt was mainly driven by the sale of the discontinued operations (Net Debt Q3 2022 of €165.6m includes €34.1m of IFRS16 impact).

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)	Q3 2022	Q3 2021 ⁽²⁾	YTD 2022	YTD 2021 ⁽²⁾
I. CONSOLIDATED INCOME STATEMENT				
Revenue	91,188	68,005	255,370	200,064
Raw material expenses	(45,163)	(27,148)	(129,838)	(79,327)
Changes in inventories	3,693	1,130	18,109	5,237
Employee benefit expenses	(22,232)	(15,363)	(61,567)	(47,962)
Other income	218	(494)	168	(728)
Other expenses	(16,787)	(15,518)	(54,460)	(46,103)
Depreciation/ amortization	(4,827)	(3,981)	(13,298)	(12,358)
Adjusted Operating Profit ¹	6,089	6,633	14,484	18,823
Gains on asset disposals	-	-	-	-
Integration and restructuring expenses	(77)	(185)	(1,379)	(6,294)
Operating profit / (loss) ¹	6,011	6,447	13,105	12,529
Finance income	-	68	9	68
Finance expenses	(3,418)	(6,600)	(15,029)	(21,890)
Net finance expenses	(3,418)	(6,532)	(15,020)	(21,822)
Profit / (loss) before income taxes	2,593	(85)	(1,914)	(9,292)
Income tax benefit / (expense)	(921)	(4,617)	(3,698)	(3,971)
Profit / (loss) for the period from continuing operations	1,672	(4,702)	(5,612)	(13,263)
Profit/ (loss) for the period from discontinued operations	(192)	5,815	(55,275)	11,047
Profit/(loss) for the period	1,481	1,114	(60,887)	(2,216)
Attributable to:				
Equity holders	1,481	1,114	(60,887)	(2,216)
Non-controlling interest	-	-	-	-
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME				
<i>Items in other comprehensive income that may be subsequently reclassified to P&L</i>				
Exchange differences on translating foreign operations	8,686	6,526	22,670	10,022
Changes in fair value of hedging instruments qualifying for cash flow hedge	-	126	152	58
<i>Items in other comprehensive income that will not be reclassified to P&L</i>				
Changes in deferred taxes	-	54	242	(20)
Changes in employee defined benefit obligations	-	(112)	(288)	164
Other comprehensive income for the period, net of tax for continuing operations	8,686	6,594	22,775	10,223
Other comprehensive income for the period, net of tax for discontinued operations	-	(3,301)	(1,762)	(6,918)
Total comprehensive income for the period	10,167	4,407	(39,873)	1,089
Basic and diluted earnings per share attributable to the ordinary equity holders of the company	0.01	0.01	(0.44)	(0.02)

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

(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.

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

6.2. Consolidated Statement of Financial Position

(€ thousands)	30 Sept 2022	31 Dec 2021
Property, plant and equipment	110,810	105,943
<i>Of which IFRS 16 related right-of-use assets (excluding sale-and-leaseback)</i>	<i>31,185</i>	<i>28,892</i>
Land and buildings	51,545	52,390
Plant and machinery	51,733	47,134
Other fixtures and fittings, tools and equipment	7,531	6,420
Goodwill	112,749	101,110
Other intangible assets	6,252	6,424
Deferred income tax assets	6,486	4,592
Trade and other receivables	550	537
Total non-current assets	236,847	218,606
Inventory	87,400	62,812
Trade and other receivables	42,643	23,824
Current income tax assets	5	9
Cash and cash equivalents	20,317	51,394
Assets from discontinued operations	-	329,983
Total current assets	150,364	468,022
Total assets	387,211	686,628
Share capital	137,848	137,848
Share premium	155,486	155,486
Other comprehensive income	17,939	(4,835)
Retained earnings	(187,680)	(18,534)
Elements of comprehensive income from discontinued operations	-	(162,767)
Other reserves	(14,283)	(14,283)
Total equity	109,310	92,916
Senior Secured Notes	130,309	233,744
Bank and Other Borrowings	44,768	43,687
<i>Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)</i>	<i>28,297</i>	<i>25,620</i>
Deferred income tax liabilities	9,237	8,459
Provisions for other liabilities and charges	2,371	2,025
Employee benefit obligations	507	762
Total non-current liabilities	187,191	288,678
Senior Secured Notes	(1,261)	6,714
Bank and Other Borrowings	7,588	60,393
<i>Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)</i>	<i>5,763</i>	<i>5,514</i>
Derivative financial instruments	-	(0)
Other payroll and social related payables	14,083	14,572
Trade and other payables	67,930	45,516
Income tax liabilities	2,370	621
Liabilities from discontinued operations	-	177,218
Total current liabilities	90,710	305,034
Total liabilities	277,902	593,712
Total equity and liabilities	387,212	686,628

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

6.3. Consolidated Statement of Cash Flows

(€ thousands)	YTD Q3 2022	YTD Q3 2021 ⁽³⁾
I. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) from the period for continuing operations	(5,612)	(13,263)
Adjustments for:		
Income tax expense/(income)	3,698	3,971
Finance income	(9)	(68)
Financial expense	15,029	21,890
Depreciation, amortisation	13,298	12,358
(Gain)/loss on disposal of non-current assets	(2)	2
Movement in provisions and deferred revenue	4,411	(852)
Fair value of derivatives	125	58
Cash generated before changes in working capital	30,937	24,095
Changes in working capital:		
Inventories	(22,294)	(13,143)
Trade receivables	(9,401)	(3,608)
Trade payables	13,611	6,259
Other working capital	(13,991)	951
Cash generated after changes in working capital	(1,138)	14,553
Net income tax (paid)	(4,195)	(5,387)
Net cash generated / (used) by operating activities	(5,334)	9,167
II. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,860)	(6,752)
Acquisition of intangibles	(118)	(456)
Proceeds from non-current assets	163,618	455
Net cash used by investing activities	155,641	(6,753)
III. CASH FLOW FROM FINANCING ACTIVITIES		
Interest and other finance charges paid, net	(20,171)	(21,851)
Repayments of Senior Secured Notes	(102,818)	(243)
Repayments of borrowings with third parties	(58,565)	(14,785)
Net cash generated / (used) by financing activities	(181,555)	(36,878)
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS	(31,248)	(34,464)
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	171	(19,947)
Cash, cash equivalents and bank overdrafts at the end of the period from continuing operations	20,317	50,029
Cash, cash equivalents and bank overdrafts at the end of the period from discontinued operations	-	3,614

(3) 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 at 31 December 2020	137,848	155,486	(13,630)	(1,950)	(14,283)	263,471	(40,006)	223,464
Profit / (loss) for the period	-	-	-	(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
Profit / (loss) for the period	-	-	-	(5,612)	-	(5,612)	(55,275)	(60,887)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	22,670	-	-	22,670	54,863	77,533
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	152	-	-	152	51	203
Cumulative changes in deferred taxes	-	-	242	-	-	242	158	399
Cumulative changes in employee defined benefit obligations	-	-	(288)	-	-	(288)	(565)	(853)
Total comprehensive income for the period	-	-	22,774	(5,612)	-	17,162	(767)	16,394
Change in scope ⁽⁴⁾	-	-	-	(163,535)	-	(163,535)	163,535	-
Balance at 30 September 2022	137,848	155,486	17,939	(187,680)	(14,283)	109,310	-	109,310

(4) Change in scope reflects the transfer of the elements of comprehensive income from discontinued operations to retained earnings of the group at completion date of the divestment without currency translation adjustments which are recycled over the income statement

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

6.5. Discontinued operations

On 4 April 2022, Belysse Group nv announced the completion of the sale of its Rugs, Residential polypropylene (PP) and Non-Woven businesses (the Discontinued Operations), together with the Balta brand, to Victoria PLC (the Transaction). As a result, discontinued operations are shown as one line in the financial statements as detailed below.

Intercompany transactions between the continued and discontinued operations have been eliminated.

(€ thousands)	YTD 2022	YTD 2021
Condensed income statement of discontinued operations		
Revenue	96,729	269,697
Raw material expenses	(45,541)	(134,613)
Changes in inventories	291	12,105
Employee benefit expenses	(25,763)	(74,755)
Other income	1,879	2,977
Other expenses	(20,455)	(41,474)
Depreciation / amortisation	-	(16,316)
Adjusted Operating Profit ¹	7,140	17,621
Loss on sale of the Disposal ⁽²⁾	(915)	-
Integration and restructuring expenses	(4,227)	(2,587)
Operating profit / (loss)	1,998	15,034
Finance income	36	0
Finance expenses	(58,197)	(806)
Net finance expenses	(58,161)	(805)
Profit / (loss) before income taxes	(56,162)	14,229
Income tax benefit / (expense)	888	(3,182)
Profit / (loss) for the period from discontinued operations	(55,275)	11,047
Profit / (loss) for the period from discontinued operations	-	-
Profit / (loss) for the period	(55,275)	11,047
Attributable to:		
Equity holders	(55,275)	11,047
Non-controlling interest	-	-
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME		
<i>Items in other comprehensive income that may be subsequently</i>		
Exchange differences on translating foreign operations	(1,632)	(6,960)
Changes in fair value of hedging instruments qualifying for cash flow hedge	8	
<i>Items in other comprehensive income that will not be reclassified to P&L</i>		
Changes in deferred taxes	41	(30)
Changes in employee defined benefit obligations	(178)	72
Other comprehensive income for the period, net of tax, from	(1,762)	(6,918)
Total comprehensive income for the period	(57,036)	4,129
(2) Details of the sale on the Disposal		
Total disposal consideration	163,671	
Carrying amount of net assets sold	164,586	
Loss on sale before reclassification of foreign currency translation reserve	(915)	
Reclassification of foreign currency translation reserve	(56,496)	
Loss of sale on the Disposal	(57,410)	

(€ thousands)	Q1 2022	YTD Q3 2021
Condensed cashflow statement of discontinued operations		
Net cash generated / (used) by operating activities	2,647	(1,148)
Net cash generated / (used) by financing activities	(1,176)	(4,637)
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS	(3,738)	(18,181)
Cash, cash equivalents and bank overdrafts at the beginning of the period	3,909	1,849
Financing and cash transactions between continued and discontinued operations	(171)	19,947
Cash, cash equivalents and bank overdrafts at the end of the period	-	3,614

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

6.6.1. Significant Accounting Policies

These consolidated condensed interim financial statements for the nine months ended September 30, 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 for the year ended December 31, 2021 and any public announcements made by the Belysse 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, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

The following new standards, amendments and interpretations to standards have been issued, but have not been endorsed by the European Union or are considered to have a limited impact on the financial statements of 2022. The Group intends to adopt these standards and interpretations if they have a material impact and when they become effective.

- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities (effective 1 January 2024).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023).

6.6.2. 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.

Following the completion of the Transaction the management structure has been changed to one management team for the United States and another separate management team for Europe, with significantly less central functions. Both management teams have the following main functions: production, procurement, HR, product development, supply chain and finance. The economic characteristics, the growth trends, supply chain evolutions and key value drivers differ significantly in Europe and US. In Europe, the two plants, Tielt and Zele, are operationally managed together under the same leadership, for resource allocation, capital expenditure, supply chain and manufacturing to produce carpet tiles and broadlooms for our European Commercial and Residential businesses (including exports to the rest of the world). Based on this analysis and starting immediately, our reporting will follow the management of the company and will now be Europe and United States vs Commercial and Residential previously.

(€ thousands)	Q3 2022	Previous reported figures ⁽¹⁾	YTD 2022	Previous reported figures ⁽¹⁾
Revenue by segment for continuing operations	91,188	68,005	255,370	200,064
Europe	40,401	33,239	123,314	104,065
US	50,787	34,766	132,056	95,999
Revenue by geography for continuing operations	91,188	68,005	255,370	200,064
Europe	33,273	27,223	102,979	84,195
North America	52,114	36,007	135,973	99,949
Rest of World	5,801	4,775	16,418	15,920
Adjusted EBITDA by segment ⁽¹⁾ for continuing operations	10,917	10,614	27,782	31,181
Europe	805	3,584	2,053	13,193
US	10,112	7,030	25,729	17,988
Net Capital expenditure by segment for continuing operations	2,984	2,380	8,059	6,753
Europe	1,924	1,308	4,671	4,662
US	1,059	1,072	3,388	2,091
Net inventory by segment for continuing operations	87,400	62,812	87,400	62,812
Europe	50,681	40,966	50,681	40,966
US	36,719	21,846	36,719	21,846
Trade receivables by segment for continuing operations	35,781	23,961	35,781	23,961
Europe	14,515	7,518	14,515	7,518
US	21,266	16,443	21,266	16,443

Note 1: For Revenue, Adjusted EBITDA and Capital Expenditure, the previous reporting period refers to September 30, 2021. The previous reported period for Net Inventory and Trade Receivables refers to December 31, 2021.

6.6.3. Integration and Restructuring Expenses

The following table sets forth integration and restructuring expenses for the period ended September 30, 2022 and 2021. This comprises various items which are considered by management as non-recurring or unusual by nature.

(€ thousands)	YTD 2022	YTD 2021
Integration and restructuring expenses	1,379	6,294
Corporate restructuring	1,379	7,648
Business restructuring	-	(1,332)
Other	-	(23)

Integration and restructuring expenses for the continuing operations over the first six months of 2022 amounted to €1.4m, as compared to €6.3m in the same period last year. The expense in the current period is mainly driven by the one-off cost for attracting and retaining employees to Belysse Group nv after the Disposal.

6.6.4. Goodwill

The goodwill increased by €11.6m from €101.1m as of December 31, 2021 to €112.7m as of June 30, 2022. The increase in goodwill reflects the changes in foreign exchange rate from the US dollar to euro in relation to the acquisition of Bentley. The related foreign exchange fluctuations are presented in other comprehensive income.

6.6.5. Net Debt Reconciliation

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

	<i>Liabilities from financing activities for continuing operations</i>						<i>Cash and Cash equivalents</i>			<i>Cash and Cash equivalents</i>			Total net financial debt
	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	
(€ thousands)													
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	-	-	-	-	-	-	-	(31,077)	(31,077)	-	570	570	(30,507)
Change in scope	-	-	-	-	-	-	-	-	-	38,643	(4,480)	34,164	34,164
Repayments of borrowings with third parties	102,818	2,504	-	5,368	45,090	8,107	163,887	-	163,887	1,114	-	1,114	165,001
Non- cash movements (including FX)	(650)	4,183	(1,199)	(5,758)	(33)	(147)	(3,605)	-	(3,605)	-	-	-	(3,605)
Net debt as at 30 September 2022	(132,489)	(483)	(45,225)	(7,727)	(33)	-	(185,957)	20,317	(165,640)	(0)	-	(0)	(165,640)

The net debt at the end of Q3 2022 amounts to €165.6m, compared to €330.7 per Q4 2021. The main movements are explained by repayments with the proceeds of the Disposal and debt items transferred to the buyer. The table above does not include the movements in capitalized financing fees or the interest paid.

6.6.6. 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.

6.6.7. Commitments

There is no significant evolution to report in terms of commitments. Please refer to Note 36 'Commitments' in the IFRS Financial Statements of the 2021 annual report.

6.6.8. Events After the Statement of Financial Position Date

No subsequent events occurred which could have a significant impact on the interim condensed financial statements of the Group per September 30, 2022.

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 and (ii) M&A impact.

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.

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

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 less 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 (both excluding IFRS16 impact as per financing documentation, except for sale-and-leaseback transactions).