

Belysse Group nv¹ 2022 Third Quarter Results

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: United States (US) 46.1%, Europe 21.6%
- Q3 Adjusted EBITDA increased to €10.9m (+2.6% YoY) with an Adjusted EBITDA margin of 12.0% (15.7% in Q3 2021)
 - US EBITDA increased to €10.1m (+43.8% YoY)
 - Europe EBITDA was €0.8m (vs €3.6m in Q3 21)
- 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. Leverage² 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.

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.

¹ Formerly known as Balta Group nv

² As defined in the SSN facility agreements, excluding IFRS16 impact but including sale and leasebacks

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.”

Q3 2022 Revenue and Adjusted EBITDA per Division for Continuing Operations

<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%			

YTD 2022 Revenue and Adjusted EBITDA per Division for Continuing Operations

<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%			

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.

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 markets³. 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.

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.

³ These were not recorded in the division's prior year's comparator

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.

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 less (iii) cash and cash equivalents.

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).

Earnings call

The Third Quarter 2022 Results will be presented on 27 October 2022 at 10.00 am CET via a webcast, by the Chairman of the Board and CEO Cyrille Ragoucy and CFO Andy Rogiest. Dial-in details and the results presentation will be available on www.belysse.com/investors.

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ABOUT BELYSSE

Belysse manufactures sustainable textile floor coverings for commercial and residential applications and commercializes its products focusing 90% on North-America and Europe under the premium brands Bentley (US), modulyss, arc edition and ITC (Europe). Belysse employs nearly 1300 people and operates three manufacturing sites in Belgium (Tielt and Zele) and the United States (Los Angeles).

IMPORTANT NOTICE

Certain financial data included in this press release are “non-IFRS financial measures.” These non-IFRS financial measures may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although Belysse Group nv believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures or any ratios included in this presentation.

This press release may include projections and other “forward-looking” statements. Any such projections or statements reflect the current views of the issuer about further events and financial performance. No assurances can be given that such events or performance will occur as projected and actual results may differ materially from these projections.

Rounding adjustments have been made in calculating some of the financial information included in this press release. As a result, figures shown as totals may not be exact arithmetic aggregations of the figures that precede them.

NEXT SCHEDULED ANNOUNCEMENT

Belysse Group nv intends to publish its Full Year 2022 results on 3 March 2023.