H1 2023 Trading Update

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Introduction

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Cyrille Ragoucy
Chief Executive Officer
Chairman of the Board

Andy Rogiest
Chief Financial Officer

Ruben Pattheeuws
Strategic Project Director

H1 2023 Financial Summary

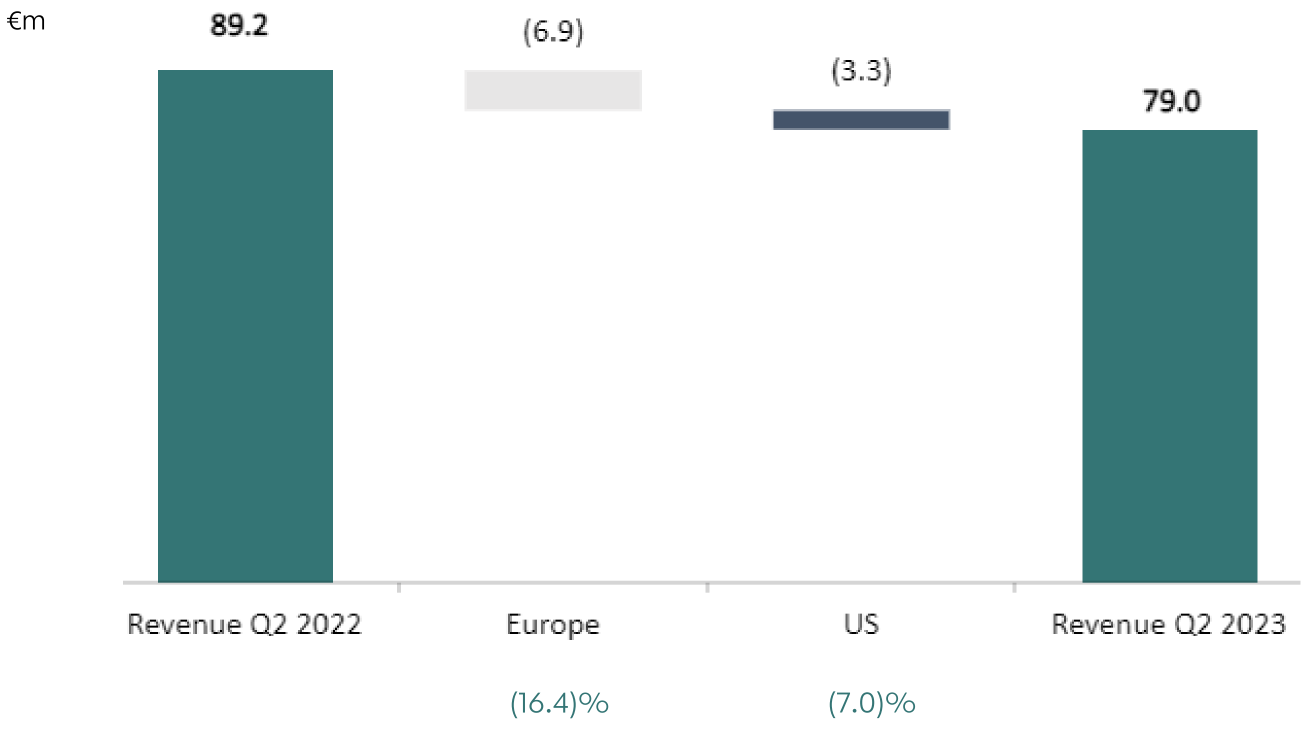
(5.2)% YoY Revenue growth (consolidated)	(5.8)% organic
	0.6% FX impact
		• H1 2023 Consolidated Revenue of €155.6m
		• Revenue growth by division:
		  • US (0.4)%
		  • Europe (10.0)%

(27.7)% YoY Adj. EBITDA growth	(28.2)% organic
	0.5% FX impact
		• H1 2023 Consolidated Adjusted EBITDA of €12.2m
		  • US €13.9m
		  • Europe €(1.6)m

5,5x Leverage Excluding IFRS16	H1 Net Debt €157.1m	• Leverage stands at 5,5x at the end of H1 2023 • Net Debt includes €29.7m impact from IFRS 16 lease liabilities

Financial Review

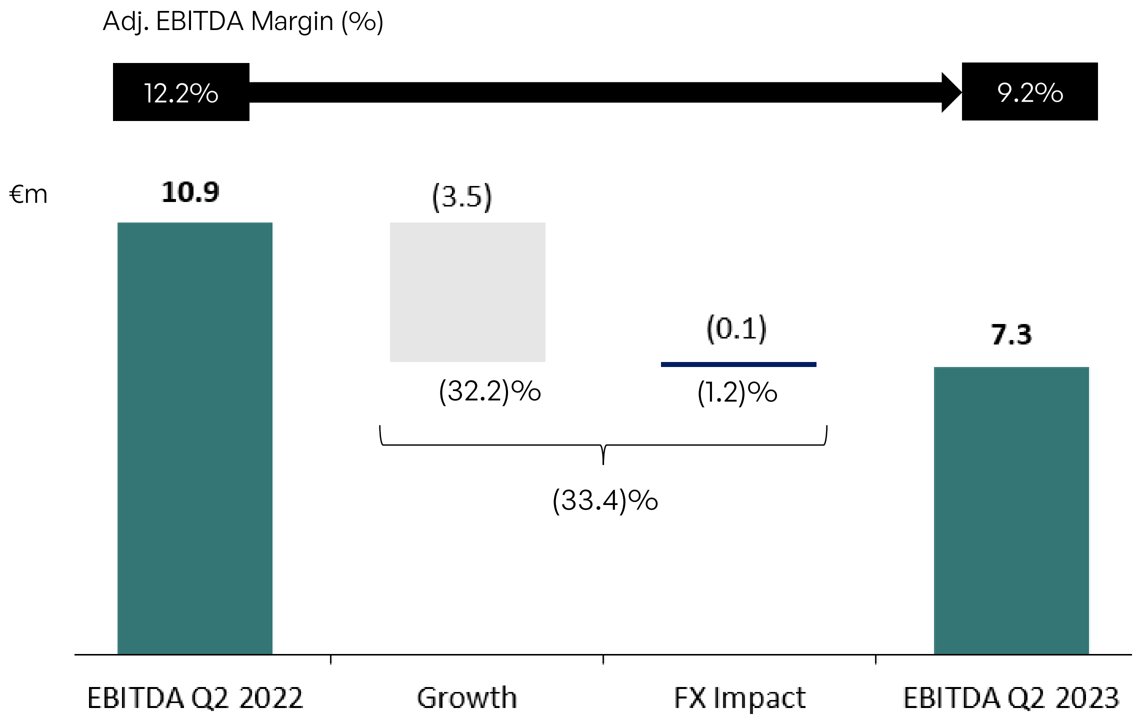
Q2 2023 Group Revenue



	Q2 Growth (€m)	Q2 Growth (%)
Organic	(9.5)	(10.7)%
FX Impact	(0.7)	(0.8)%
Reported	(10.2)	(11.5)%

- 2Q23 consolidated revenue was €79.0m (-11.5% YoY).
- In US, revenue decreased by (7.0)% to €43.6m compared to last year. Volumes in the US improved compared to 1Q23 but were below last year due to a strong comparator with shipment of some large orders in 2Q22.
- In Europe, revenue decreased by (16.4)% versus last year to €35.4m as a result of lower volumes due to low footfall in the Residential segment and delay of Commercial projects.

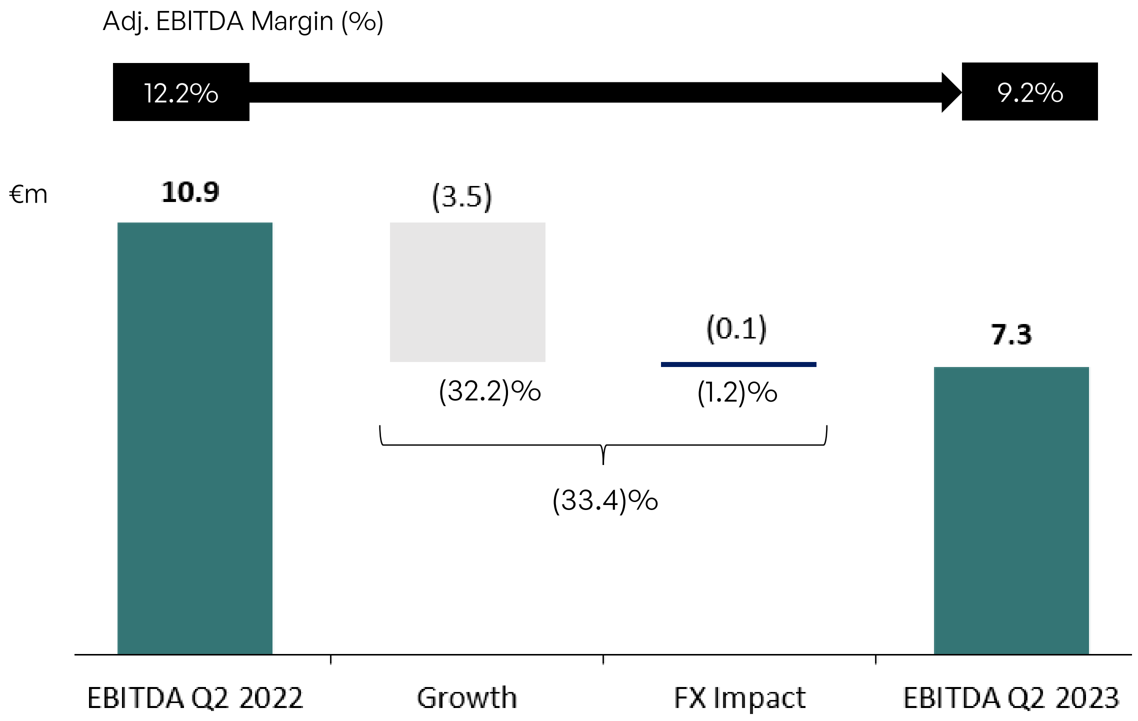
Q2 2023 Group Adjusted EBITDA



€m	Q2 2023	Q2 2022	% Change
Europe	(1.6)	1.3	
US	8.9	9.6	(6.8)%
Consolidated Adjusted EBITDA	7.3	10.9	(33.4)%

- 2Q23 Adjusted EBITDA was €7.3m (-33.4% YoY) with an Adjusted EBITDA margin of 9.2% (versus 12.2% in 2Q22).
- US EBITDA was €8.9m in 2Q23 (-6.8% YoY) with an adjusted EBITDA margin of 20.5%. The EBITDA margin for 2Q23 is back in line with historical performance after a temporary drop affected by higher raw material costs following the change of our main yarn supplier in 2022 which was finalized in 1Q23.
- Europe EBITDA was €(1.6)m. Despite peak raw material purchase prices of last year affecting the 2Q23 results (First-in, First-out accounting), unitary margins have improved compared to prior year due to sales price increases.

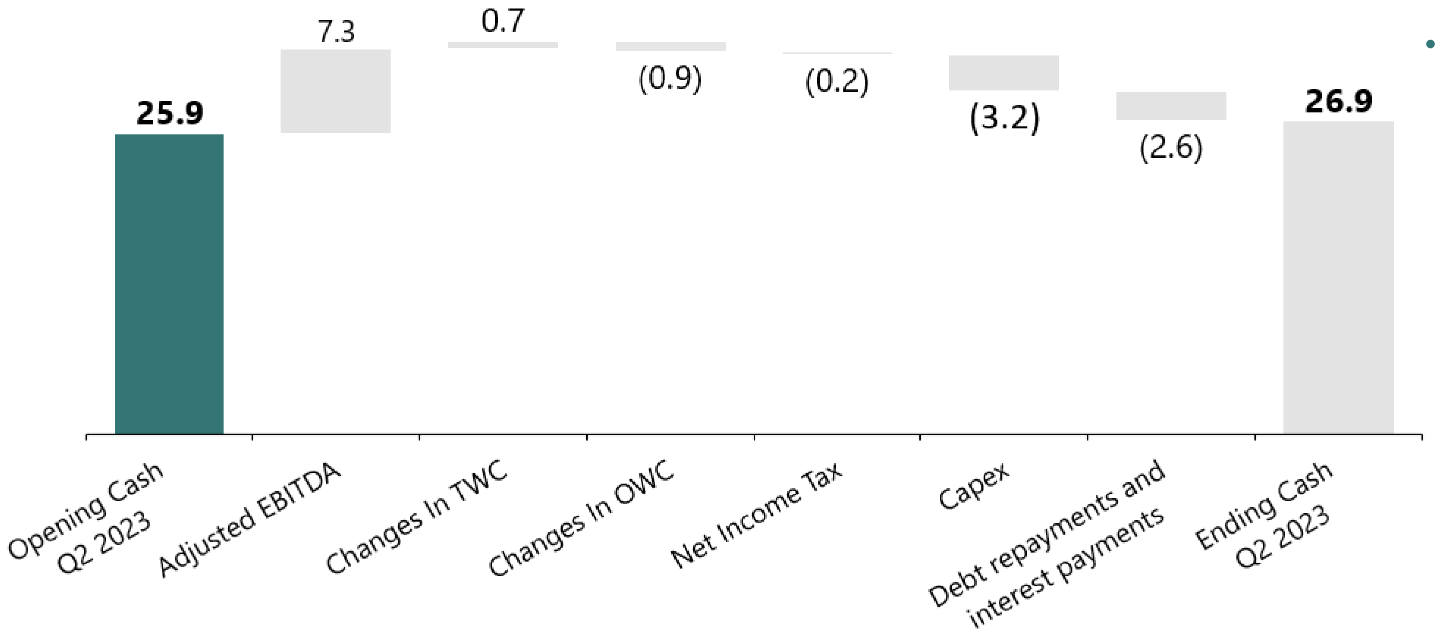
Q2 2023 Group Adjusted EBITDA (continued)



€m	Q2 2023	Q2 2022	% Change
Europe	(1.6)	1.3	
US	8.9	9.6	(6.8)%
Consolidated Adjusted EBITDA	7.3	10.9	(33.4)%

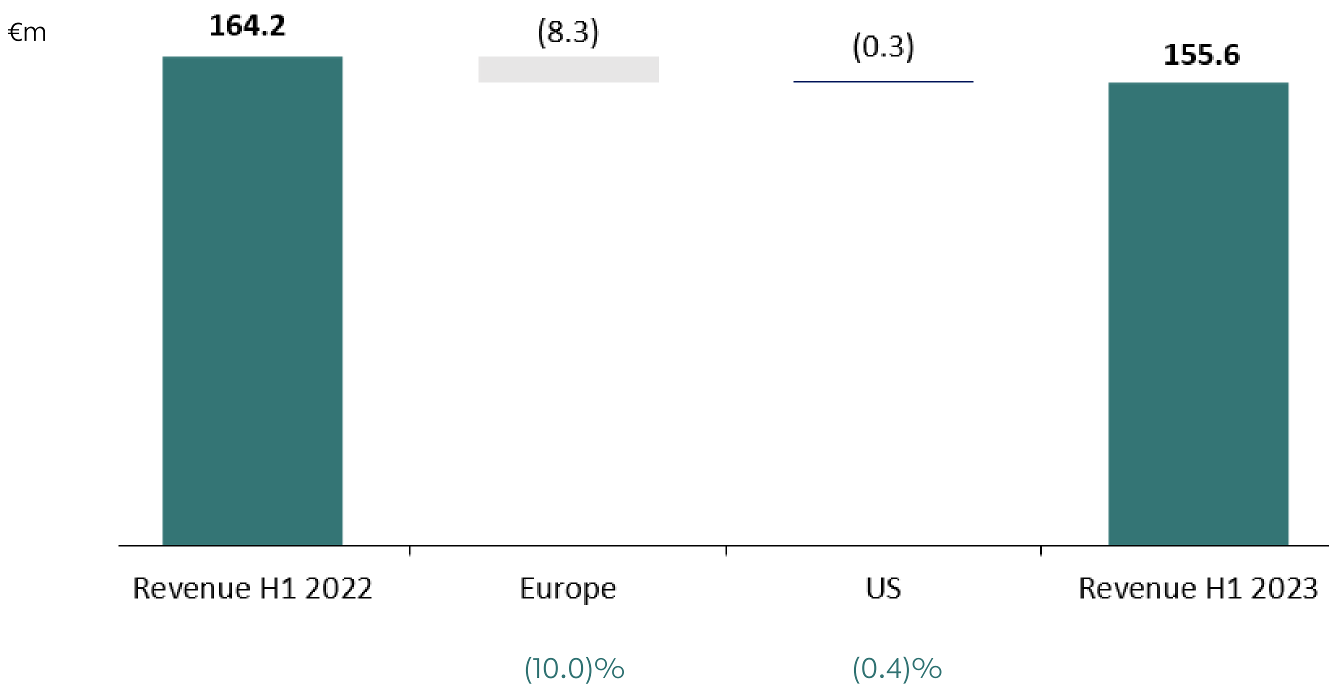
- Since the start of this year, we managed to open additional ways of raw materials sourcing globally lowering our purchasing prices. From a cash-flow standpoint, Belysse has already started to benefit from this new procurement strategy and the lower cost of energy vs 2022. If these lower costs had impacted the results immediately since the beginning of the year, our results of the European division for 1H23 would have been higher by €4.5m. However, with FIFO accounting practice, these lower purchase prices will impact the results in 2H23.
- In response to the current weak demand across the European market, a fixed cost reduction program was implemented early July. We expect an in-year 2023 fixed cost reduction of €1.7m and an annualized permanent impact of €3.4m.

Q2 2023 Cash Flow



- The cash inflow of €1.0m in 2Q23 was mainly driven by the positive EBITDA and the trade working capital improvements induced by the inventory reduction.

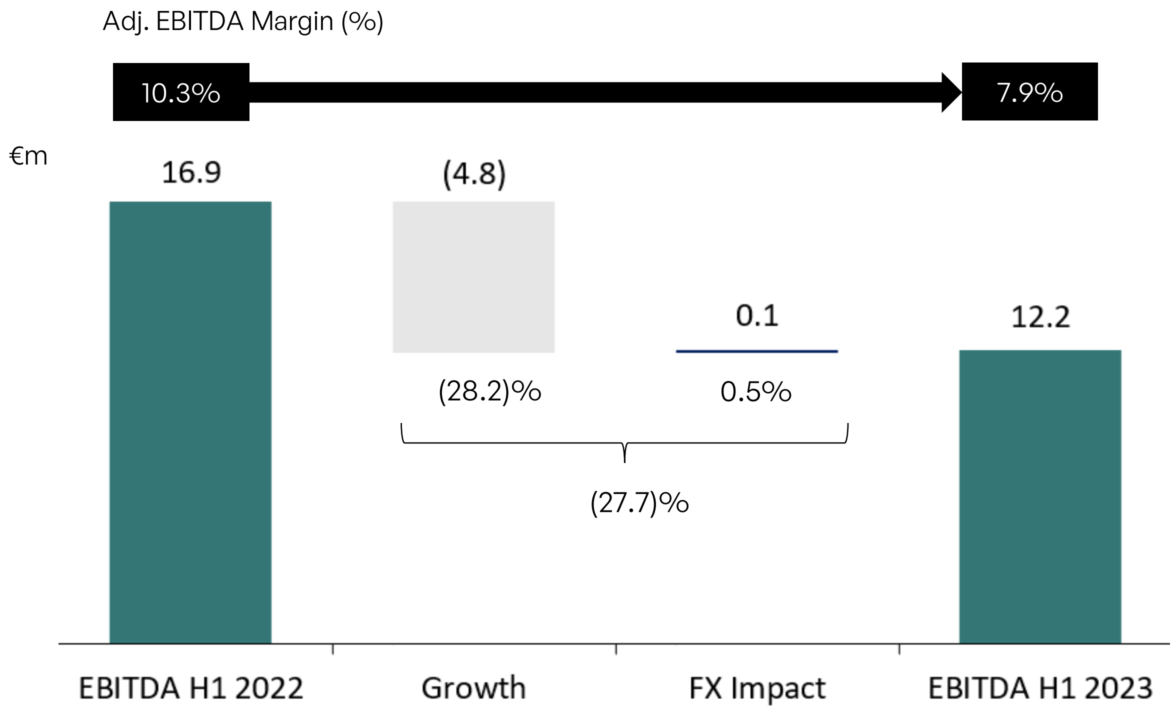
H1 2023 Group Revenue



	H1 Growth (€m)	H1 Growth (%)
Organic	(9.5)	(5.8)%
FX Impact	0.9	0.6%
Reported	(8.6)	(5.2)%

- 1H23 consolidated revenue was €155.6m (-5.2% YoY).
- In US, revenue was in line with last year at €81.0m, while our US business saw a slow start, volumes recovered since the middle of the first quarter.
- In Europe, revenue decreased by (10.0)% versus last year to €74.7m, driven by lower volumes due to low footfall in the Residential segment and delay of Commercial projects.

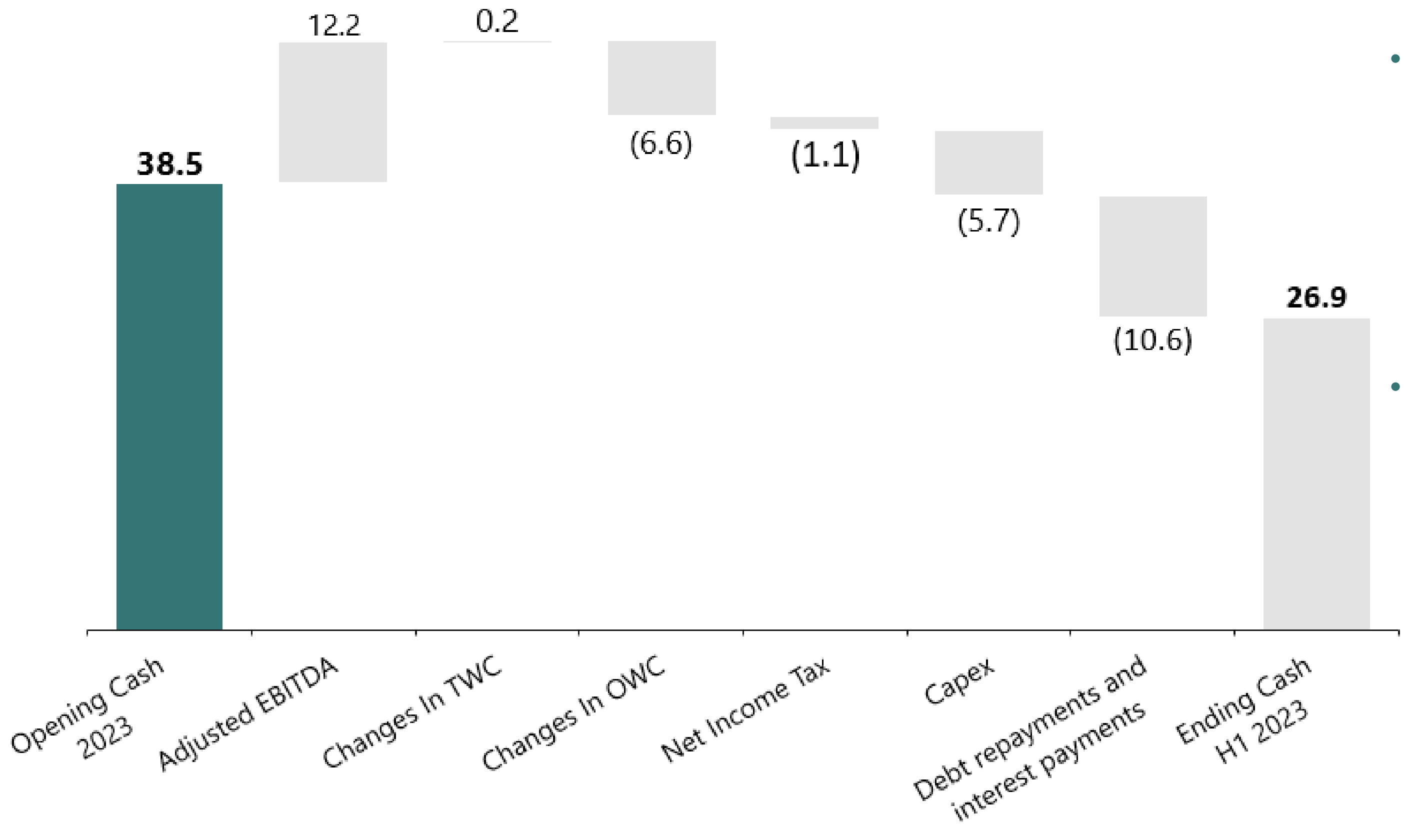
H1 2023 Group Adjusted EBITDA



€m	H1 2023	H1 2022	% Change
Europe	(1.6)	1.3	
US	13.9	15.6	(11.2)%
Consolidated Adjusted EBITDA	12.2	16.9	(27.7)%

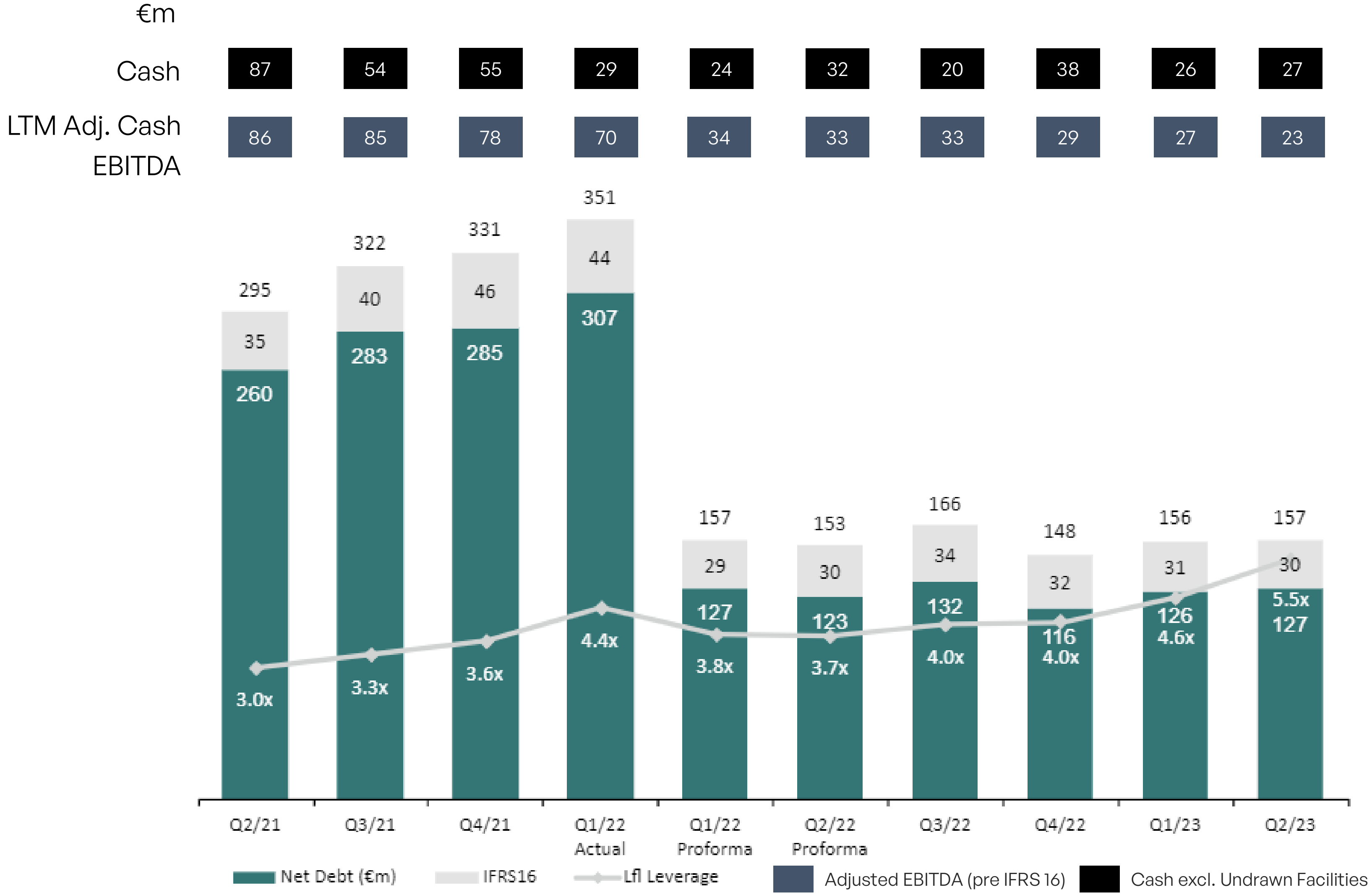
- 1H23 Adjusted EBITDA was €12.2m (-27.7% YoY) with an Adjusted EBITDA margin of 7.9% (versus 10.3% in 1H22).
- US EBITDA was €13.9m in 1H23 (-11.2% YoY) The EBITDA margin saw a temporary drop in the beginning of the year due to higher raw material costs following the change of our main yarn supplier.
- Europe EBITDA was €(1.6)m as a result of peak raw material costs affecting with a delay the results and low volumes as discussed on the previous slide.

H1 2023 Cash Flow



- The cash outflow of €11.6m in 1H23 was mainly driven by debt repayments and interest payments, which included amongst others the half-yearly interest payment of €5.1m for the Senior Secured Notes.
- The Other Working Capital cash out relates mainly to the settlement of prior year rebates and bonuses and deferred social charges

Leverage[1] stands at 5,5x, excluding IFRS 16 lease liabilities



- Net Debt at the end of the period was €157.1m (including €29.7m related to IFRS 16 lease liabilities), flat compared to last quarter (+0.5%).
- Leverage stands at 5,5x versus 4,6x at the end of 1Q23.
- Total available liquidity (including headroom under the RCF) remains strong and has improved to €65m at the end of 1H23 (€64m end of 1Q2023).

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

BEYOND update

Sustainability through Innovation

- Total CO2 emission per m^2 produced has been reduced by 16% compared to 2018.
  Energy efficiency initiatives continue to deliver impact, by reducing both gas and electricity consumption. Compared to 2022 where we ended the year with 22% lower CO_2 emission per m^2 compared to 2018; part of these efficiency gains are offset by smaller production runs especially in Residential. The smaller production runs allow a reduction of inventory
- Certified recycled content in our commercial carpet tiles in Europe remains high at 50%, compared to 30% in 2018
- Commercial tiles in the US has managed to recover from the industry-wide temporary decrease in recycled content that took place in 2022 which limited us to 24% recycled content; year-to-date we are reaching 32% recycled content compared to 30% in 2018

Lean program has delivered 1.9€m savings year-to-date

- As a reminder: objective of this Lean program is to deliver €8m cumulative savings over a 4-year period
- YTD 2023 results amount to €1.9m P&L savings vs. 2022, exceeding the target of €1.25m by 55%
- Nearly 40 running initiatives with key focus on quality, material / energy / labor efficiency and further automation
- June 2023 delivered the highest savings so far since the start of the Beyond Lean program in January 2022

Agility

- In Europe we are continuously working on upgrading our Supply Chain, with a view to enhance delivery performance to our customers, by implementing shorter production runs to increase responsiveness and service levels, at the same time lowering our stock levels
- Specific examples of such projects in H1 2023:
    - Targeted investments in our Extrusion department, allowing us more flexibility in producing small runs of solution dyed nylon
    - Process changes in our Print & Dye department, resulting in quicker color change-overs in dyed products
    - Installation of a Chromojet printer for individual carpet tiles, enabling highly customized designs in small quantities

Conclusion

- 1H23 consolidated Revenue was €155.6m and Adjusted EBITDA was €12.2m, resulting in an Adjusted EBITDA margin of 7.9%.
- Our US business saw recovery of EBITDA margins to historical performance after a temporary drop.
- US volumes recovered during the quarter, resulting in a stable revenue YoY.
- In Europe, weak demand across the market, in combination with the delayed peak raw material costs affected the results.
- In response to the continued weak demand, a fixed cost reduction program was executed early July in Europe, with a full year impact of €3.4m.
- Leverage increased to 5,5x.
- Total available liquidity (including headroom under the RCF) remains strong and totaled €65m at the end of the period.
- With the cost and cash flow improvements described above, assuming all else remains materially unchanged, Belysse is expecting a full year 2023 EBITDA above 2022 levels and a year-end leverage below 4.0x.

Q&A Session

Upcoming

Half Year 2023 Report on 25 August 2023

Q3 2023 Results Release on 26 October 2023