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

Registered office:
15, Boulevard Friedrich Wilhelm Raiffeisen
L-2411 Luxembourg
R.C.S. Luxembourg: B 198084

Q2 2022
QUARTERLY REPORT

Table of Contents

1. Key Figures

(€ thousands)	H1 2022	H1 2021 (1)
Results from continuing operations		
Revenue	**164,181**	**132,059**
Adjusted EBITDA	**16,865**	**20,567**
Adjusted EBITDA Margin	**10.3%**	**15.6%**
Integration and restructuring expenses	(1,301)	(6,108)
EBITDA	**15,564**	**14,459**
Depreciation / amortisation	(8,471)	(8,377)
Operating profit / (loss) for the period	**7,093**	**6,082**
Net finance expenses	(11,602)	(15,289)
Income tax benefit / (expense)	(2,776)	646
Profit/(loss) for the period	**(7,285)**	**(8,561)**
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	871	9,461
Net cash used by investing activities	158,624	(4,373)
Net cash generated / (used) by financing activities	(175,053)	(20,089)
Financing and cash transactions between continued and discontinued operations	363	(4,233)
Cash, cash equivalents and bank overdrafts at the end of the period from continuing operations	36,198	85,206

(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 had no consequence for the Group's financing.

(€ thousands)	H1 2022	H1 2021
Net debt[1]	118,381	260,274
Leverage	3.6	3.0

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

2. Management discussion and analysis of the results

2.1. Group Highlights Continuing Operations

- H1 consolidated Revenue of €164.2m (+24.3% YoY)
  - Organic revenue improved by 18.6%, while FX impact contributed 5.7%
  - Revenue growth by division: Europe 17.1%, United States (US) 32.7%
- H1 Adjusted EBITDA decreased to €17.0m (-17.6% YoY) with an Adjusted EBITDA margin of 10.3% (15.6% in H1 2021)
  - Europe EBITDA was €1.3m (vs €9.6m in H1 21)
  - US EBITDA increased to €15.6m (+42.5% YoY)
- In Europe, the strong revenue increase reflects the price increases implemented during the year. The decline of EBITDA is explained by a partially anticipated margin compression versus a strong H1 2021 (that still benefited from 2020 cost prices) and the rapid recent surges in input costs which were not immediately fully passed on to our customers.
- In the US, the strong results are reflecting the combined effect of increased volumes and the full compensation of the higher input & transformation costs via sales price increases.
- Pro-forma[1] H1 Net Debt was €153m (including €30m of IFRS 16 impact) resulting in a leverage[2] of 3.7x (3.8x pro-forma Q1 2022).
- Total available liquidity (including headroom under the RCF) at the end of H1 amounted to €73m.

2.2. Business Update

Balta Group nv continues to be faced with a challenging macro-economic environment creating strongly inflated raw materials, energy and transportation costs. Multiple price increases have been implemented across all lines of the business in response to these input cost increases In Europe, where cost inflation is continuing at high rates, more pricing action is required and is being implemented.

Our US Division, which now represents approximately 50% of our business, saw its strong market position in H1 translated into sales and EBITDA growth.

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

“H1 2022 marked a new and important chapter in the history of the company with the closing of the Transaction with Victoria PLC and transformation of Balta Group nv into a more focused and resilient business.

During H1, we experienced a strong order book in our US business, with higher costs that were promptly passed on to our customers. In our European business, we suffered from the significant headwinds caused by unprecedented and sudden cost increases which require further commercial action and recently lower footfall in shops in many of our Residential markets.”

[1] Adjusted for residual anticipated payments on the Transaction

[2] 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 for Continuing Operations

3.1.1. Q2 2022

(€ million, unless otherwise mentioned)	*Q2 2022*	Q2 2021	% Change	o/w organic growth	o/w FX
Europe	42.4	35.9	17.9%		
US	46.8	30.9	51.6%		
Consolidated Revenue	**89.2**	**66.8**	**33.4%**	**25.7%**	**7.8%**
Europe	1.4	5.3	(74.4)%		
US	9.6	6.2	54.4%		
Consolidated Adjusted EBITDA	**10.9**	**11.5**	**(5.0)%**	**(14.1)%**	**9.0%**
Europe	3.2%	14.8%			
US	20.5%	20.1%			
Consolidated Adjusted EBITDA Margin	**12.3%**	**17.2%**			

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.

3.1.2. H1 2022

(€ million, unless otherwise mentioned)	*H1 2022*	H1 2021	% Change	o/w organic growth	o/w FX
Europe	82.9	70.8	17.1%		
US	81.3	61.2	32.7%		
Consolidated Revenue	**164.2**	**132.1**	**24.3%**	**18.6%**	**5.7%**
Europe	1.3	9.6	(86.0)%		
US	15.6	11.0	42.5%		
Consolidated Adjusted EBITDA	**17.0**	**20.6**	**(17.6)%**	**(24.6)%**	**7.0%**
Europe	1.6%	13.6%			
US	19.2%	17.9%			
Consolidated Adjusted EBITDA Margin	**10.3%**	**15.6%**			

Note: the segment table has been copied from the press release issued by Balta Group NV, where EBITDA is €0.08m 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. Europe

Our Europe division realized H1 2022 revenue of €82.9m, up 17.1% versus the first half of 2021. While on a like for like basis, the volumes for the semester are flat, 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[1]. The European Commercial Tiles business showed more resilience in demand than the European Broadloom business.

Adjusted EBITDA in H1 2022 was €1.3m, down from €9.6m in H1 2021. The disappointing H1 performance was largely driven by the high input cost pressure and timing delays in passing these on to customers especially in the beginning of the year.

3.3. United States

Our US division realized an H1 2022 revenue of €81.3m, up 32.7% versus the first half of 2021. This is the combined effect of sales volumes recovering, sales price increases to offset the increased input costs as well as favourable FX translation. Sales volumes have however not yet fully reached pre-COVID 19 levels in H1.

Adjusted EBITDA in H1 2022 was €15.6m, up from 11.0m in H1 2021. Adjusted EBITDA margin increased from 17.9% in H1 2021 to 19.2% in H1 2022 reflecting the volume growth while fully offsetting increased input costs.

Following the closure of the Transaction a number of changes in the executive committee took place:

- Jan-Christian Werner has left the Group and was immediately succeeded as Chief Financial Officer by Andy Rogiest. Andy Rogiest has joined the company on 6 June after having held several senior Finance positions at Ontex, Imperial Meat Products and Home Health Products Group.
- Emmanuel Rigaux, Managing Director Commercial & Residential Europe, decided to pursue opportunities outside of the Group and has left the organisation on 30 June. A search for his replacement is underway while the division is being directly managed by Cyrille Ragoucy in the interim.

[1] These were not recorded in the division's prior year's comparator

4. Other financial items review

4.1. Integration and Restructuring Expenses for continuing operations

Non-recurring expenses for integration and restructuring over the first six months of 2022 amounted to €1.3m, as compared to €6.1m 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 Balta Group nv after the Disposal.

4.2. Net financing expenses for continuing operations

Net finance expenses for the first six months of 2022 are €11.6m, as compared to €15.3m 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 €2.8m for the six months ended 30 June, 2022, compared to an income tax benefit of €0.6m in the same period last year. The H1 2022 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 six months of 2022 were a loss of €0.05, compared to a loss of €0.06 for the same period last year.

4.5. Earnings per share for discontinued operations

The first six months of 2022 resulted in a loss of €0.40 per share, compared to a gain of €0.04 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

Pro forma Net Debt at the end of June 2022 was €153.4m, versus €330.7m at the end of December 2021. The decrease in Net Debt was mainly driven by the sale of the discontinued operations (pro forma Net Debt H1 2022 of €153.4m includes €30.5m 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)	Q2 2022	Q2 2021 (2)	H1 2022	H1 2021 (2)
I. CONSOLIDATED INCOME STATEMENT				
Revenue	89,194	66,837	164,181	132,059
Raw material expenses	(49,821)	(21,733)	(84,675)	(52,180)
Changes in inventories	9,523	(1,543)	14,415	4,107
Employee benefit expenses	(21,549)	(16,628)	(39,334)	(32,599)
Other income	157	(32)	(50)	(235)
Other expenses	(16,626)	(15,387)	(37,673)	(30,585)
Depreciation/ amortization	(4,163)	(4,257)	(8,471)	(8,377)
Adjusted Operating Profit [1]	**6,714**	**7,259**	**8,394**	**12,190**
Gains on asset disposals	-	-	-	-
Integration and restructuring expenses	(1,294)	(637)	(1,301)	(6,108)
Operating profit / (loss) [1]	**5,420**	**6,622**	**7,093**	**6,082**
Finance income	-	0	7	0
Finance expenses	(5,753)	(6,497)	(11,609)	(15,290)
Net finance expenses	**(5,753)**	**(6,497)**	**(11,602)**	**(15,289)**
Profit / (loss) before income taxes	**(333)**	**125**	**(4,509)**	**(9,207)**
Income tax benefit / (expense)	44	(657.16)	(2,776)	646
Profit / (loss) for the period from continuing operations	**(289)**	**(532)**	**(7,285)**	**(8,561)**
Profit/ (loss) for the period from discontinued operations	(59,104)	2,210	(55,083)	5,232
Profit/(loss) for the period	**(59,392)**	**1,678**	**(62,368)**	**(3,329)**
Attributable to:				
Equity holders	(59,392)	1,678	(62,368)	(3,329)
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	11,662	(1,456)	13,984	3,496
Changes in fair value of hedging instruments qualifying for cash flow hedge		416	152	(69)
Items in other comprehensive income that will not be reclassified to P&L				
Changes in deferred taxes	346	(67)	242	(74)
Changes in employee defined benefit obligations	(721)	250	(288)	275
Other comprehensive income for the period, net of tax for continuing operations	**11,287**	**(857)**	**14,089**	**3,628**
Other comprehensive income for the period, net of tax for discontinued operations	**-**	**(1,902)**	**(1,762)**	**(3,616)**
Total comprehensive income for the period	**(48,105)**	**(1,081)**	**(50,041)**	**(3,317)**
Basic and diluted earnings per share attributable to the ordinary equity holders of the company	**(0.43)**	**0.01**	**(0.45)**	**(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 June 2022	31 Dec 2021
Property, plant and equipment	106,197	105,943
Of which IFRS 16 related right-of-use assets (excluding sale-and-leaseback)	*27,973*	*28,892*
Land and buildings	51,492	52,390
Plant and machinery	47,730	47,134
Other fixtures and fittings, tools and equipment	6,975	6,420
Goodwill	105,550	101,110
Other intangible assets	6,209	6,424
Deferred income tax assets	5,351	4,592
Trade and other receivables	519	537
Total non-current assets	**223,826**	**218,606**
Inventory	81,786	62,812
Trade and other receivables	30,181	23,824
Current income tax assets	5	9
Cash and cash equivalents	36,198	51,394
Assets from discontinued operations	-	329,983
Total current assets	**148,170**	**468,022**
Total assets	**371,996**	**686,628**
Share capital	137,848	137,848
Share premium	155,486	155,486
Other comprehensive income	9,253	(4,835)
Retained earnings	(189,162)	(18,534)
Elements of comprehensive income from discontinued operations	-	(162,767)
Other reserves	(14,283)	(14,283)
Total equity	**99,143**	**92,916**
Senior Secured Notes	128,408	233,744
Bank and Other Borrowings	43,159	43,687
Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)	*25,421*	*25,620*
Deferred income tax liabilities	9,094	8,459
Provisions for other liabilities and charges	2,220	2,025
Employee benefit obligations	507	762
Total non-current liabilities	**183,388**	**288,678**
Senior Secured Notes	1,373	6,714
Bank and Other Borrowings	7,069	60,393
Of which IFRS 16 related lease liabilities (excluding sale-and-leaseback)	*5,040*	*5,514*
Derivative financial instruments	-	(0)
Other payroll and social related payables	11,803	14,572
Trade and other payables	67,562	45,516
Income tax liabilities	1,660	621
Liabilities from discontinued operations	-	177,218
Total current liabilities	**89,466**	**305,034**
Total liabilities	**272,854**	**593,712**
Total equity and liabilities	**371,996**	**686,628**

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

6.3. Consolidated Statement of Cash Flows

(€ thousands)	H1 2022	H1 2021 [(3)]
I. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) from the period for continuining operations	**(7,285)**	**(8,561)**
Adjustments for:		
Income tax expense/(income)	2,776	(646)
Finance income	(7)	()
Financial expense	11,609	15,290
Depreciation, amortisation	8,471	8,377
(Gain)/loss on disposal of non-current assets	(2)	3
Movement in provisions and deferred revenue	3,295	(2,193)
Fair value of derivatives	125	36
Cash generated before changes in working capital	**18,982**	**12,305**
Changes in working capital:		
Inventories	(22,037)	(5,737)
Trade receivables	(2,846)	(3,596)
Trade payables	16,886	10,985
Other working capital	(7,540)	(173)
Cash generated after changes in working capital	**3,445**	**13,784**
Net income tax (paid)	(2,574)	(4,324)
Net cash generated / (used) by operating activities	**871**	**9,461**
II. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(4,951)	(4,327)
Acquisition of intangibles	(42)	(152)
Proceeds from non-current assets	163,618	107
Net cash used by investing activities	**158,624**	**(4,373)**
IIII. CASH FLOW FROM FINANCING ACTIVITIES		
Interest and other finance charges paid, net	(15,590)	(12,511)
Proceeds from borrowings with third parties	-	-
Repayments of Senior Secured Notes	(102,818)	(243)
Repayments of borrowings with third parties	(56,646)	(7,335)
Net cash generated / (used) by financing activities	**(175,053)**	**(20,089)**
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS	**(15,558)**	**(15,001)**
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	363	(4,233)
Cash, cash equivalents and bank overdrafts at the end of the period from continuing operations	36,198	85,206
Cash, cash equivalents and bank overdrafts at the end of the period from discontinued operations	-	2,263

(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	-	-	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**
Profit / (loss) for the period	-	-	-	(7,285)	-	(7,285)	(55,083)	(62,368)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	13,984	-	-	13,984	54,863	68,847
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	**-**	**-**	**14,088**	**(7,285)**	**-**	**6,802**	**(576)**	**6,226**
Change in scope (4)	-	-	-	(163,343)	-	(163,343)	163,343	-
Balance at 30 June 2022	**137,848**	**155,486**	**9,253**	**(189,162)**	**(14,283)**	**99,143**	**-**	**99,143**

(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, Balta 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)	Q1 2022	H1 2021
Consdensed income statement of discontinued operations		
Revenue	96,729	186,247
Raw material expenses	(45,541)	(90,597)
Changes in inventories	291	7,882
Employee benefit expenses	(25,763)	(52,886)
Other income	1,879	2,264
Other expenses	(20,455)	(29,311)
Depreciation / amortisation		(10,857)
Adjusted Operating Profit [1]	**7,140**	**12,743**
Loss on sale of the Disposal [(2)]	(915)	
Integration and restructuring expenses	(4,035)	(4,846)
Operating profit / (loss)	**2,190**	**7,897**
Finance income	36	0
Finance expenses	(58,197)	(421)
Net finance expenses	**(58,161)**	**(420)**
Profit / (loss) before income taxes	**(55,971)**	**7,477**
Income tax benefit / (expense)	888	(2,245)
Profit / (loss) for the period from discontinued operations	**(55,083)**	**5,232**
Profit / (loss) for the period from discontinued operations	-	-
Profit / (loss) for the period	**(55,083)**	**5,232**
Attributable to:		
Equity holders	(55,083)	5,232
Non-controlling interest	-	-
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME		
Items in other comprehensive income that may be subsequently		
Exchange differences on translating foreign operations	(1,632)	(3,546)
Changes in fair value of hedging instruments qualifying for cash flow hedge	8	
Items in other comprehensive income that will not be reclassified to P&L		
Changes in deferred taxes	41	8
Changes in employee defined benefit obligations	(178)	(79)
Other comprehensive income for the period, net of tax, from	**(1,762)**	**(3,616)**
Total comprehensive income for the period	**(56,845)**	**1,615**

(€ thousands)	Note	Q1 2022	H1 2021
Condensed cashflow statement of discontinued operations			
Net cash generated / (used) by operating activities		**2,838**	**7,931**
Net cash used by investing activities		**(5,209)**	**(8,563)**
Net cash generated / (used) by financing activities		**(1,176)**	**(3,187)**
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS		**(3,547)**	**(3,820)**
Cash, cash equivalents and bank overdrafts at the beginning of the period		**3,909**	**1,849**
Exchange gains/(losses) on cash and cash equivalents			**-**
Financing and cash transactions between continued and discontinued operations		(363)	4,233
Cash, cash equivalents and bank overdrafts at the end of the period		**-**	**2,263**

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 six months ended June 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 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, 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)	Q2 2022	Previous reported figures [1]	H1 2022	Previous reported figures [1]
Revenue by segment	**89,194**	**66,837**	**164,181**	**132,059**
Europe	42,364	35,945	82,912	70,826
US	46,830	30,893	81,270	61,233
Discontinued Operations	**-**	**98,866**	**96,729**	**186,247**
Revenue by geography	**89,194**	**66,837**	**164,181**	**132,059**
Europe	36,931	32,449	69,705	56,971
North America	47,834	28,835	83,859	63,943
Rest of World	4,428	5,553	10,618	11,145
Discontinued Operations		**98,866**	**96,729**	**186,247**
Adjusted EBITDA by segment [1] for continuing operations	**10,877**	**11,515**	**16,865**	**20,567**
Europe	1,295	5,309	1,248	9,609
US	9,582	6,206	15,617	10,958
Discontinued Operations	**44**	**11,510**	**7,140**	**23,601**
Net Capital expenditure by segment for continuing operations	**2,289**	**2,671**	**5,076**	**4,373**
Europe	1,016	2,045	2,747	3,354
US	1,273	626	2,329	1,019
Discontinued Operations	**()**	**3,903**	**5,209**	**8,602**
Net inventory by segment for continuing operations	**81,786**	**81,786**	**81,786**	**81,786**
Europe	51,231	51,231	51,231	51,231
US	30,556	30,556	30,556	30,556
Discontinued Operations	**-**	**114,987**	**-**	**114,987**
Trade receivables by segment for continuing operations	**26,358**	**23,961**	**26,358**	**23,961**
Europe	7,043	7,518	7,043	7,518
US	19,316	16,443	19,316	16,443
Discontinued Operations	**-**	**25,556**	**-**	**25,556**

Note 1: For Revenue, Adjusted EBITDA and Capital Expenditure, the previous reporting period refers to June 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 June 30, 2022 and 2021. This comprises various items which are considered by management as non-recurring or unusual by nature.

(€ thousands)	H1 2022	H1 2021
Integration and restructuring expenses	**1,301**	**6,124**
Corporate restructuring	1,301	6,157
Other	-	(32)

Integration and restructuring expenses for the continuing operations over the first six months of 2022 amounted to €1.3m, as compared to €6.2m 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 Balta Group nv after the Disposal.

6.6.4. Goodwill

The goodwill increased by €4.4m from €101.1m as of December 31, 2021 to €105.6m 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.

The company performed an impairment analysis in line with the new CGU's which did not trigger the need for a goodwill adjustment.

6.6.5. 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)**
Changes in accounting policies	-	-	-	-			-		-				
Net debt as at 1 January 2022	**(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	-	-	-	-	-	-	**-**	(15,195)	**(15,195)**	-	570	**570**	**(14,625)**
Proceeds of borrowings with third parties	-	-	-	-	-	-	**-**	-	**-**	-	-	-	-
Change in scope	-	-	-	-	-	-	**-**	-	**-**	**38,643**	(4,480)	**34,164**	**34,164**
Repayments of borrowings with third parties	102,818	2,504	-	3,448	45,090	8,107	**161,968**	-	**161,968**	**1,114**	-	**1,114**	**163,082**
Non- cash movements (including FX)	-	1,329	1,182	(3,102)	(31)	(147)	**(770)**	-	**(770)**		-	-	**(770)**
Net debt as at 30 June 2022	**(131,839)**	**(3,337)**	**(42,844)**	**(6,990)**	**(31)**	**-**	**(185,040)**	**36,198**	**(148,842)**	**(0)**	-	**(0)**	**(148,842)**

The net debt at the end of H1 2022 amounts to €148.8m, 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 June 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).