LSF9 Balta Issuer S.à.r.l

Senior Secured Notes due 2024
Q2 2021 - Period ended June 30, 2021

2021 QUARTERLY REPORT

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1. Key Figures

(€ thousands)	H1 2021	H1 2020
Results		
Revenue	**318,306**	**266,382**
Adjusted EBITDA	**44,168**	**18,209**
Adjusted EBITDA Margin	**13.9%**	**6.8%**
Integration and restructuring expenses	(10,955)	(2,618)
EBITDA	33,213	15,591
Depreciation / amortisation	(19,234)	(19,877)
Operating profit / (loss) for the period	13,979	(4,286)
Net finance expenses	(15,709)	(13,720)
Income tax benefit / (expense)	(1,599)	1,138
Profit/(loss) for the period	**(3,329)**	**(16,869)**
Cash flow		
Cash at beginning of period	106,289	19,241
Net cash generated / (used) by operating activities	17,391	20,140
Net cash used by investing activities	(12,936)	(11,806)
Net cash generated / (used) by financing activities	(23,276)	59,929
Cash at end of period	87,469	87,504

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 2021	H1 2020
Net debt[1]	260,274	277,233
Leverage	3.0	5.9

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

- H1 consolidated Revenue of €318.3m (+19.5% YoY)
  - Organic revenue improved by 21.7%, while FX reduced by 2.2%
  - Revenue growth by division: Rugs +48.0%, Residential +27.0%, Commercial -7.4%
- H1 Adjusted EBITDA improved significantly to €44.2m (+142.2% YoY) and Adjusted EBITDA margin of 13.9% (6.9% in H1 2020)
  - Rugs +€20.1m YoY
  - Residential +€4.9m YoY
  - Commercial +€1.1m YoY
- While the magnitude of the improvement versus H1 2020 is influenced by the extraordinary impact of COVID-19 on Q2 2020, H1 2021 Adjusted EBITDA is also 18.6% stronger than in H1 2019.
- Net Debt increased slightly by 0.7% to €294.9m at H1 2021 compared to Q1 2021. Driven by the strong Adjusted EBITDA results, Leverage at Q2 2021 decreased to 3.0x (from 4.0x at Q1 2021).
- Total available liquidity amounted to €98.3m at Q2 2021, comprising cash of €87.5m and €10.8m headroom under revolving credit facilities.

2.2. Business Update

- As of H1 2021, we have recorded four consecutive quarters of significant YoY revenue and margin recovery and growth since COVID-19 impacted our business.
- The improvements in H1 2021 versus prior year are based on stronger volumes, better prices and product mix, the lower cost of raw material purchased in H2 2020, as well as our NEXT initiatives. They were achieved despite adverse exchange rates and a normalisation of fixed expenses as temporary economical unemployment and other cost reduction measures expired.
- The recovery has been pronounced in and driven by our consumer-oriented Rugs and Residential divisions. Our Commercial and Non-Woven divisions are still due to normalize to pre-COVID-19 levels although, in the meantime, we have advanced their strategic positioning. For example, Modulyss has been awarded "Cradle to Cradle" Certified™ Gold and Silver certificates for an additional 51 sustainable products, bringing the total to 178.
- Our NEXT program continued to deliver strong results in H1 2021, contributing a material part of our margin improvement. Operational NEXT savings added another €4m of Adjusted EBITDA in H1 2021 versus 2020. Top-line NEXT initiatives realized €32m of incremental revenue in H1 2021 versus 2020. Overall, NEXT results are ahead of target.

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

"Trading in the second quarter of 2021 added to the strong cycle over the last 12 months. Balta achieved healthy margin growth in the first half of 2021, supported by strong volume recovery, especially in the Rugs and Residential divisions. Commercial's revenues remained stable, but below pre-COVID-19 levels, as corporates are still investing cautiously and are yet to recover.

Our H1 2021 Adjusted EBITDA ended well above H1 2020 (and was also up against H1 2019), reflecting the strong volume performance. In addition, we benefited from the lower cost of raw materials purchased in H2 2020 as well as from our NEXT program, notwithstanding the impact of negative currency translation and certain remaining COVID-19 restrictions.

The recovery from COVID-19 doesn't come without challenges. Next to focussing on volume recovery, Balta has implemented price increases across all divisions in response to the sharp raw material and transportation cost increases during H1 2021. These price increases have already started to benefit Q2 2021 results, while – for accounting reasons – the cost increases will mainly impact H2 2021. We remain vigilant to ensure we continue to respond appropriately to the global macroeconomic uncertainties."

3. Operating review per segment

3.1. Revenue and Adjusted EBITDA per segment

3.1.1. Q2 2021

(€ million, unless otherwise mentioned)	*Q2 2021*	Q2 2020	% Change	o/w organic growth	o/w FX
Rugs	64.9	35.2	84.5%		
Commercial	47.3	43.6	8.4%		
Residential	49.3	25.8	91.2%		
Non-Woven	4.2	2.1	105.0%		
Consolidated Revenue	**165.7**	**106.7**	**55.4%**	**58.2%**	**(2.9)%**
Rugs	9.9	(3.2)	(407.4)%		
Commercial	8.6	5.8	49.9%		
Residential	4.2	(1.0)	(511.7)%		
Non-Woven	0.3	(0.3)	(190.0)%		
Consolidated Adjusted EBITDA	**23.0**	**1.2**	**1866.0%**	**1925.7%**	**(59.7)%**
Rugs	15.3%	(9.2)%			
Commercial	18.2%	13.2%			
Residential	8.5%	(3.9)%			
Non-Woven	7.1%	(16.3)%			
Consolidated Adjusted EBITDA Margin	**13.9%**	**1.1%**			

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 2021

(€ million, unless otherwise mentioned)	*H1 2021*	H1 2020	% Change	o/w organic growth	o/w FX
Rugs	124.8	84.3	48.0%		
Commercial	93.1	100.5	(7.4)%		
Residential	92.4	72.8	27.0%		
Non-Woven	8.0	8.8	(8.7)%		
Consolidated Revenue	**318.3**	**266.4**	**19.5%**	**21.7%**	**(2.2)%**
Rugs	21.1	1.0	1912.6%		
Commercial	15.1	13.9	8.2%		
Residential	8.0	3.1	158.1%		
Non-Woven	0.1	0.2	(64.2)%		
Consolidated Adjusted EBITDA	**44.2**	**18.3**	**142.2%**	**148.4%**	**(6.2)%**
Rugs	16.9%	1.2%			
Commercial	16.2%	13.9%			
Residential	8.6%	4.2%			
Non-Woven	0.9%	2.3%			
Consolidated Adjusted EBITDA Margin	**13.9%**	**6.9%**			

Note: the segment table has been copied from the press release issued by Balta Group NV, where EBITDA is €0.04m 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. Rugs

Our Rugs division realized H1 2021 revenue of €124.8m, up 48.0% versus the first half of 2020 when COVID-19 significantly affected the results. There have been significant gains in direct shipments and continued growth in e-commerce volumes.

Adjusted EBITDA in H1 2021 was €21.1m at a healthy margin of 16.9%, representing not only a sharp recovery from the depressed levels in H1 2020 due to COVID-19, but also the best first half result since IPO. In addition to the impact of higher volumes, Adjusted EBITDA further improved due to price increases, a better product mix, lower raw material costs and margin improvements from NEXT operational initiatives.

3.3. Commercial

Our Commercial division realized H1 2021 revenue of €93.1m, down 7.4% versus the first half of 2020, of which 5.8% is related to unfavourable FX. Volumes are still to recover to pre-COVID-19 levels, as companies and other organisations remain cautious about new projects.

Adjusted EBITDA in H1 2021 was €15.1m, up from €13.9m in H1 2020. Adjusted EBITDA margin increased from 13.9% in H1 2020 to 16.2% in H1 2021 thanks to NEXT initiatives and additional fixed cost savings in the US.

3.4. Residential

Our Residential division realized H1 2021 revenue of €92.4m, up 27.0% versus the first half of 2020 which was affected by COVID-19 restrictions. In the UK, H1 2021 benefited from the reopening of retail outlets and the associated pre-stocking effects. Continental Europe's trading environment improved year-on-year, with a good performance in Benelux, France and Scandinavia, while still somewhat subdued by the slower reopening of retail outlets in Germany, Austria, Switzerland, and Central and Eastern Europe. We continued to grow in our 'export' markets.

Adjusted EBITDA in H1 2021 was €8.0m, up from €3.1m in H1 2020. It was also above H1 2019. Adjusted EBITDA margin grew from 4.2% in H1 2020 to 8.6% in H1 2021 thanks to strong volume recovery, NEXT operational initiatives, and the focus on higher margin products.

4. Other financial items review

4.1. Integration and Restructuring Expenses

Non-recurring expenses for integration and restructuring over the first six months of 2021 amounted to €11.0m, as compared to €2.6m in the same period last year. The expense in the current period is mainly driven by the one-off cost of extending the Senior Secured notes as well as other non-recurring advisory services.

4.2. Net financing expenses

Net finance expenses for the first six months of 2021 are €15.7m, as compared to €13.7m in the same period last year. This increase is mainly driven by the one-off recognition in P&L of the remaining capitalized expenses on the refinanced Senior Secured notes due September 2022 (€2.5m). We refer to our 7.5.5 Net Debt Reconciliation for more information on our refinancing operation.

4.3. Taxation

The income tax expense amounts to €1.6m for the six months ended 30 June, 2021, compared to an income tax benefit of €1.1m in the same period last year. The H1 2021 net expense results from taxing the strong YoY improvements in pre-tax results, partially offset with the recognition of the extended term of the Senior Secured notes in deferred tax assets. The normalized effective tax rate of the Group is around 25%.

4.4. Earnings per share

The net earnings per share for the first six months of 2021 were a loss of €0.02, compared to a loss of €0.12 for the same period last year.

4.5. Cashflow and net debt

Net debt at the end of June 2021 was equal to €294.9m, versus €283.2m at the end of December 2020. The increase in net debt was mainly driven by seasonal working capital patterns as well as the exceptional refinancing fees (reported net Debt H1 2021 of €294.9m includes €34.6m 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 2020 annual report.

6. Consolidated Interim Financial Statements

6.1. Consolidated Statement of Comprehensive Income

(€ thousands)	Q2 2021	Q2 2020	H1 2021	H1 2020
I. CONSOLIDATED INCOME STATEMENT				
Revenue	165,703	106,661	318,306	266,382
Raw material expenses	(71,553)	(42,683)	(142,777)	(116,252)
Changes in inventories	1,182	(17,556)	11,990	(10,921)
Employee benefit expenses	(43,165)	(29,741)	(85,485)	(73,680)
Other income	259	201	2,029	1,047
Other expenses	(29,392)	(15,721)	(59,896)	(48,367)
Depreciation/ amortization	(9,814)	(9,921)	(19,234)	(19,877)
Adjusted Operating Profit [1]	**13,220**	**(8,760)**	**24,934**	**(1,669)**
Integration and restructuring expenses	(3,074)	(1,769)	(10,955)	(2,618)
Operating profit / (loss) [1]	**10,146**	**(10,529)**	**13,979**	**(4,286)**
Finance income	-	(221)	1	80
Finance expenses	(6,794)	(7,486)	(15,710)	(13,801)
Net finance expenses	**(6,794)**	**(7,706)**	**(15,709)**	**(13,720)**
Profit / (loss) before income taxes	**3,353**	**(18,235)**	**(1,731)**	**(18,007)**
Income tax benefit / (expense)	(1,675)	1,106	(1,599)	1,138
Profit / (loss) for the period from continuing operations	**1,678**	**(17,129)**	**(3,329)**	**(16,869)**
Profit/ (loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**1,678**	**(17,129)**	**(3,329)**	**(16,869)**
Attributable to:				
Equity holders	1,678	(17,129)	(3,329)	(16,869)
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	(3,179)	(3,309)	(49)	(5,970)
Changes in fair value of hedging instruments qualifying for cash flow hedge	416	(263)	(69)	568
Items in other comprehensive income that will not be reclassified to P&L				
Changes in deferred taxes	(24)	18	(66)	(99)
Changes in employee defined benefit obligations	28	(308)	196	122
Other comprehensive income for the period, net of tax	**(2,759)**	**(3,862)**	**12**	**(5,378)**
Total comprehensive income for the period	**(1,081)**	**(20,991)**	**(3,317)**	**(22,247)**
Basic and diluted earnings per share from continuing operations	**0.01**	**(0.12)**	**(0.02)**	**(0.12)**

(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 2021	31 Dec 2020
Property, plant and equipment	305,485	312,288
(Of which IFRS 16 related right-of-use assets)	*31,904*	*34,030*
Land and buildings	165,134	170,545
Plant and machinery	130,451	131,624
Other fixtures and fittings, tools and equipment	9,900	10,118
Goodwill	192,082	189,952
Other intangible assets	9,706	9,466
Deferred income tax assets	10,363	8,259
Trade and other receivables	926	815
Total non-current assets	**518,561**	**520,780**
Inventory	153,733	125,072
Trade and other receivables	51,089	50,581
Current income tax assets	659	334
Cash and cash equivalents	87,469	106,289
Total current assets	**292,950**	**282,276**
Total assets	**811,512**	**803,056**
Share capital	137,848	137,848
Share premium	155,486	155,486
Other comprehensive income	(58,025)	(58,037)
Retained earnings	(879)	2,450
Other reserves	(14,283)	(14,283)
Total equity	**220,147**	**223,464**
Senior Secured Notes	233,515	233,936
Bank and Other Borrowings	69,345	74,513
Of which IFRS 16 related lease liabilities	*26,504*	*29,515*
Deferred income tax liabilities	39,710	38,404
Provisions for other liabilities and charges	2,568	2,487
Employee benefit obligations	3,628	3,643
Total non-current liabilities	**348,767**	**352,982**
Senior Secured Notes	5,551	3,425
Bank and Other Borrowings	71,624	73,981
Of which IFRS 16 related lease liabilities	*8,105*	*6,846*
Derivative financial instruments	207	103
Other payroll and social related payables	37,458	33,837
Trade and other payables	126,390	112,242
Income tax liabilities	1,367	3,020
Total current liabilities	**242,598**	**226,609**
Total liabilities	**591,365**	**579,592**
Total equity and liabilities	**811,512**	**803,056**

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

6.3. Consolidated Statement of Cash Flows

(€ thousands)	H1 2021	H1 2020
I. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) for the period	**(3,329)**	**(16,869)**
Adjustments for:		
Income tax expense/(income)	1,599	(1,138)
Finance income	(1)	(80)
Financial expense	15,710	13,801
Depreciation, amortisation	19,234	19,877
(Gain)/loss on disposal of non-current assets	(36)	67
Movement in provisions and deferred revenue	1,492	(114)
Fair value of derivatives	36	(492)
Cash generated before changes in working capital	**34,705**	**15,053**
Changes in working capital:		
Inventories	(31,326)	15,994
Trade receivables	(4,268)	12,311
Trade payables	14,230	(24,555)
Other working capital	8,436	4,293
Cash generated after changes in working capital	**21,777**	**23,096**
Net income tax (paid)	(4,385)	(2,956)
Net cash generated / (used) by operating activities	**17,391**	**20,140**
II. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(12,831)	(10,927)
Acquisition of intangibles	(251)	(879)
Proceeds from non-current assets	146	-
Net cash used by investing activities	**(12,936)**	**(11,806)**
IIII. CASH FLOW FROM FINANCING ACTIVITIES		
Interest and other finance charges paid, net	(13,615)	(11,991)
Proceeds from borrowings with third parties	-	114,117
Repayments of Senior Secured Notes	(243)	-
Repayments of Senior Term Loan Facility	-	(35,019)
Repayments of borrowings with third parties	(9,418)	(7,178)
Net cash generated / (used) by financing activities	**(23,276)**	**59,929**
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS	**(18,820)**	**68,263**
Cash, cash equivalents and bank overdrafts at the beginning of the period	106,289	19,241
Cash, cash equivalents and bank overdrafts at the end of the period	87,469	87,504

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	Non-controlling interest	Total equity
Balance at 31 December 2019	**137,848**	**155,486**	**(37,111)**	**15,116**	**(14,283)**	**257,056**	**-**	**257,056**
Profit / (loss) for the period	-	-	0	(12,646)		(12,646)	-	(12,646)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	(21,287)	-	-	(21,287)	-	(21,287)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	116	(19)	-	97	-	97
Cumulative changes in deferred taxes	-	-	(45)	-	-	(45)	-	(45)
Cumulative changes in employee defined benefit obligations	-	-	290	-	-	290	-	290
Total comprehensive income for the period	**-**	**-**	**(20,926)**	**(12,665)**	**-**	**(33,591)**	**-**	**(33,591)**
Balance at 31 December 2020	**137,848**	**155,486**	**(58,037)**	**2,451**	**(14,283)**	**223,464**	**-**	**223,464**
Profit / (loss) for the period	-	-	-	(3,329)	-	(3,329)	-	(3,329)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	(49)	-	-	(49)	-	(49)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	(69)	-	-	(69)	-	(69)
Cumulative changes in deferred taxes	-	-	(66)	-	-	(66)	-	(66)
Cumulative changes in employee defined benefit obligations	-	-	196	-	-	196	-	196
Total comprehensive income for the period	**-**	**-**	**12**	**(3,329)**	**-**	**(3,317)**	**-**	**(3,317)**
								-
Balance at 30 June 2021	**137,848**	**155,486**	**(58,025)**	**(879)**	**(14,283)**	**220,147**	**-**	**220,147**

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 six months ended June 30, 2021 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, 2020 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 2021. 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 2023).
- 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).
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective 1 January 2022).

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)	Q2 2021	Previous reported figures (1)	H1 2021	Previous reported figures (1)
Revenue by segment	**165.703**	**106.661**	**318.306**	**266.382**
Rugs	64.867	35.166	124.772	84.322
Commercial	47.317	43.650	93.057	100.474
Residential	49.283	25.780	92.447	72.787
Non-Woven	4.235	2.066	8.030	8.799
Revenue by geography	**165.703**	**106.661**	**318.306**	**266.382**
Europe	97.421	51.306	175.539	141.493
North America	55.961	50.510	119.097	110.967
Rest of World	12.322	4.844	23.670	13.921
Adjusted EBITDA by segment	**23.034**	**1.160**	**44.168**	**18.209**
Rugs	9.955	(3.229)	21.107	1.046
Commercial	8.611	5.737	15.043	13.890
Residential	4.166	(1.012)	7.946	3.074
Non-Woven	302	(336)	71	199
Net capital expenditure by segment	**6.531**	**4.603**	**12.936**	**11.806**
Rugs	2.328	880	5.120	3.347
Commercial	1.773	1.248	2.780	3.078
Residential	2.354	2.426	4.797	5.188
Non-Woven	77	49	239	193
Inventory by segment	**153.733**	**125.072**	**153.733**	**125.072**
Rugs	67.866	53.621	67.866	53.621
Commercial	31.161	31.545	31.161	31.545
Residential	50.399	36.132	50.399	36.132
Non-Woven	4.308	3.774	4.308	3.774
Trade receivables by segment	**46.495**	**42.335**	**46.495**	**42.335**
Rugs	11.618	12.101	11.618	12.101
Commercial	16.910	16.010	16.910	16.010
Residential	17.260	13.596	17.260	13.596
Non-Woven	708	628	708	628

Note 1: For Revenue, Adjusted EBITDA and Capital Expenditure, the previous reporting period refers to June 30, 2020. The previous reported period for Net Inventory and Trade Receivables refers to December 31, 2020.

6.5.3. Integration and Restructuring Expenses

The following table sets forth integration and restructuring expenses for the period ended June 30, 2021 and 2020. This comprises various items which are considered by management as non-recurring or unusual by nature.

(€ thousands)	H1 2021	H1 2020
Integration and restructuring expenses	**10,955**	**2,618**
Corporate restructuring	10,987	1,206
Business restructuring	-	1,650
Other	(32)	(239)

Integration and restructuring expenses over the first six months of 2021 amounted to €11.0m, as compared to €2.6m in the same period last year. The integration and restructuring expense of 2021 is mainly driven by the one-off cost of extending the Senior Secured notes as well as other non-recurring advisory services.

6.5.4. Goodwill

The goodwill increased by €2.1m from €190.0m as of December 31, 2020 to €192.1m as of June 30, 2021. 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 which did not trigger the need for a goodwill adjustment.

6.5.5. Net Debt Reconciliation

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

	Liabilities from financing activities							*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	Cash and Cash equivalents	Total net financial debt
Net debt as at 31 December 2020	**(234,900)**	**(5,360)**	**(75,189)**	**(11,236)**	**(55,486)**	**(7,342)**	**(389,514)**	**106,289**	**(283,225)**
Cashflows	-	-	-	-	-	-	**-**	(18,820)	**(18,820)**
Proceeds of borrowings with third parties	-	-	-	-	-	-	**-**	-	**-**
Repayments of borrowings with third parties	243	-	-	5,418	4,000	-	**9,661**	-	**9,661**
Other non- cash movements	-	(646)	5,209	(6,718)	(102)	(242)	**(2,499)**	-	**(2,499)**
Net debt as at 30 June 2021	**(234,657)**	**(6,006)**	**(69,980)**	**(12,536)**	**(51,588)**	**(7,585)**	**(382,352)**	**87,469**	**(294,883)**

The net debt at the end of H1 2021 amounts to € 294.9m, compared to €283.2 per Q4 2020. The table above does not include the movements in capitalized financing fees, or the interest paid.

On 3 March 2021 Balta Group announced that it has received sufficient support for the "Exchange Offer" to implement it without the need to apply a scheme of arrangement. Eligible holders of the "Existing Notes" had validly tendered (and not validly withdrawn) €233,061,300 in aggregate principal amount (representing 99.22%) to exchange their Existing Notes for new Senior Secured Notes with a maturity of 31 December, 2024 (the "New Notes") or cash and to vote in favour of certain amendments to the terms of the Existing Notes and the Existing Indenture by way of the Consent Solicitation. As a result, the €61m European Super Senior Revolving Credit Facility further extended to 30 June 2024.

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, 2020 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 36 ‘Commitments’ in the IFRS Financial Statements of the 2020 annual report.

6.5.8. 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, 2021.

6.5.9. Going Concern

Driven by the strong improvement in results, net leverage was 3.0x at the end of June 2021, well inside the covenant and down from 5.9x at the end of June 2020. Total available liquidity amounted to €98.3m at Q2 2021, comprising cash of €87.5m and €10.8m headroom under the revolving credit facilities.

Based on the currently available information and forecasts in combination with the extension of our Senior Secured Notes and European Super Senior Revolving Credit Facility as discussed above, the Group currently believes that it will be able to meet its liabilities and commitments as they fall due across during the next 12 months and has determined that the going concern basis remains the appropriate basis of preparation for its financial statements.

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.

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 (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 as per financing documentation, except for sale-and-leaseback transactions).

NEXT key assumptions and NEXT impacts are to be understood versus a baseline of 2018 or 2019:

- Impacts shown for the Revenue initiatives are the anticipated gross impacts and take no account of possible ‘cannibalization effects’ or the current macro-economic uncertainty.
- Impacts shown for the Margin initiatives are the anticipated gross impacts before cost inflation.
- Impacts are calculated using forecasted volumes.
- FX exchange rates are assumed stable over the period.
- Lean and Procurement are P&L impacts (excluding Capex savings or cost avoidance) and affect either COGS (raw materials consumption or costs) or fixed expenses (e.g. maintenance).