



2020 H1 Results

July 17th, 2020

Agenda

2020 H1 business

John Kruijssen

2020 H1 financials

Gabrielle Reijnen

Q&A



Strong performance in first half with sales growth of +9.9%

- Strong H1 2020 sales growth of +9.9% (€103.5M). Order Intake grown by +19.8% to €106.0M
- High order intake levels have resulted in a record-level orderbook of €23.5M, creating a buffer for the period to come
- Achieved +2% revenue growth in Belgium despite 9 weeks of store closures
- Online sales for the group has grown +71.4%, leading to a channel-share of 14.0%, particularly due to a strong performance in Q2 of +115%
- Sängjätten has made significant steps towards a better performance
- Further improved sound financial position with extension of current financing-facilities with banks and conversion of shareholder loan including accrued interests into newly issued shares and agreed to decrease the interest rate of the perpetual loan for the next 12 months
- The macro-economic, consumer and COVID-19 predictions indicate challenging times are ahead, to mitigate these uncertainties & challenges, we are taking precautionary measures
- The shown resilience over the last 2 years, combined with a successful H1 '20, the buffer from an all-time high orderbook and a financially healthy company with access to liquidity if needed, gives us the confidence that we will be able to face the challenges ahead

Order intake and sales showing strong growth

2019



# of stores	134	27	n/a
# of FTE	806	88	16



Benelux
88% of total sales



New Business
12% of total sales

3y CAGR

+8.2%

FY19 Sales

€ 186M

FY19 EBITDA

5.1%¹

Current state



# of stores	133	17*	n/a
# of FTE	808	77	17



Benelux
89% of total sales



New Business
11% of total sales

Q1 OI growth

-2.0%

Q2 OI growth

49.1%

H1 OI growth

19.8%

'20 H1 Sales

€104M

+9.9%

'20 H1 EBITDA

6.3%¹

1. Pre IFRS'16 adoption

* Own store network; in addition we have 3 franchise stores

We have expanded our assortment and ran successful campaigns

Mlily assortment



Expansion of assortment with products sourced at HealthCare Co. Ltd.:

- Bamboo cool – deluxe – mattress and pillow
- Flex cool – deluxe – mattress and pillow
- Serene – mattress, topper and pillow

Box spring lease



- New box spring lease pilot live, launch planned for July/August
- Customer pays monthly fee instead of a one-off transaction
- Lease option currently offered on four box springs

Campaigns



- Successful “Sleep as a king” Kingsday campaign
- TEMPUR mattress campaign
- Summer campaign *Holiday in your bedroom*
- New Mline positioning on TV, radio and online: “topprestaties komen niet vanzelf”, with top athletes from various sports

Ecommerce improvements are boosting online growth



Increased campaign effectiveness by creating dashboard for return on advertisement spend (ROAS), ROAS-based marketing investments and enhancing advertisement feeds



Improved imagery on website to increase conversion and average selling price



Prioritized assortment across categories, bringing focus across category management, marketing and supply chain



Developed Never-Out-Of-Stock and high-speed delivery list to improve logistics processes for high-priority products



Boosted online experience by improving product recommendations, A/B testing and platform performance



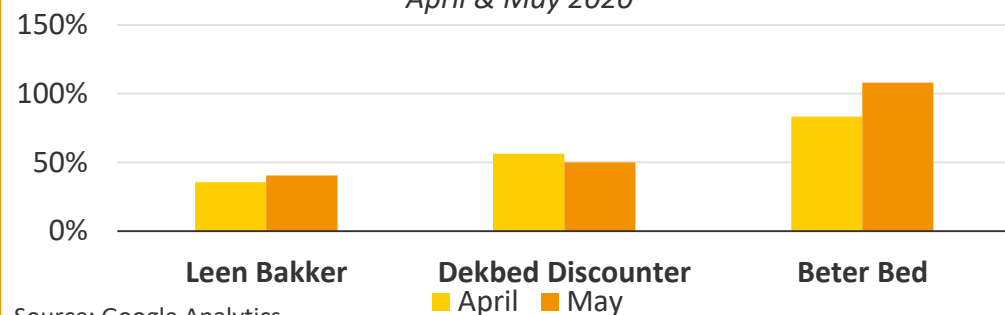
Advanced 3PP ambition by creating roadmap towards doubling the business, optimizing SEA/SEO keywords and introducing new products



Created dedicated online P&L to drive towards profitability more focused

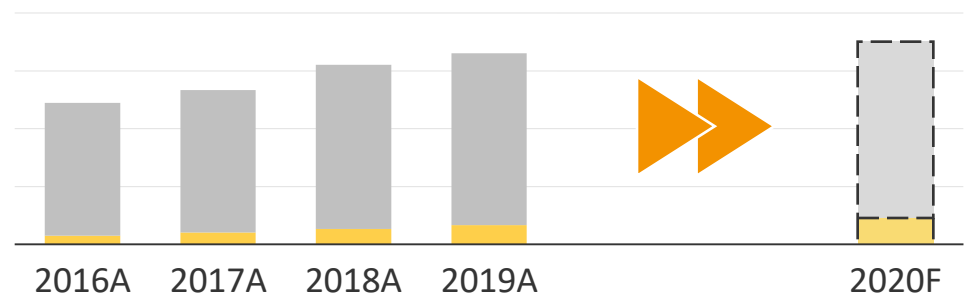
Year-on-year online traffic growth

April & May 2020



Evolution from brick & mortar to omnichannel player

Beter bed online vs. offline revenue



Performance culture is increasing productivity & performance

Several measures have been taken to improve our performance culture

- Created clarity on job roles & career ladders through new job classification system, moving from 100+ task-oriented role descriptions to 25 role families, focused on output, competencies and KPIs
- Established new Beter Bed Academy curriculum directly linked to job roles offering better opportunities for people to be trained & educated
- Improved HR processes & talent recognition

Beter Bed | ACADEMIE

Modules followed: **5144** | Active users: **505**

865	E-learnings
3316	Essentials
187	Podcasts
90	Scans
669	Webinars
17	WE-learnings

36 internal
promotions

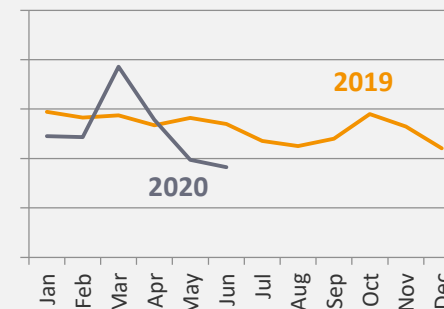


Productivity improvements

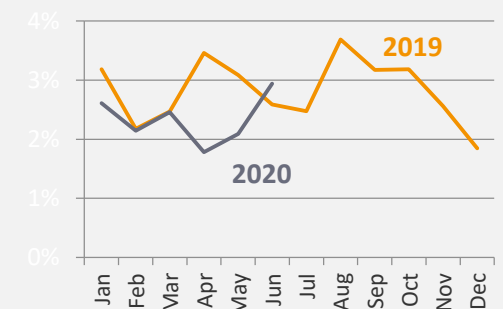
- Acquired insights into productivity per store and per employee
- Using these insights to optimize the use of labor hours per store and steer on the average purchase value
- Both the order intake per hour and the average purchase value have increased significantly, leading to improved productivity

Lowered churn and decreasing absenteeism

Lower absenteeism after March 2020,
start of COVID-19;



Lower churn



Improvement initiatives in procurement and logistics

Reducing cost of goods sold through:

Sourcing

- **More competitive sourcing:**
 - During COVID-19 many alternative suppliers engaged
 - Moving from incumbent suppliers towards new suppliers
 - Direct sourcing of textiles
- **Should costing:** defining “should cost prices” based on raw material prices and manufacturing costs to increase ability to renegotiate purchase prices and to refine value chain strategies
- **Assortment optimization:**
 - Channel specific assortments to allow for tailored pricing while safeguarding margin
 - Targeted assortment in entry level boxsprings, allowing for higher volume sourcing

Results

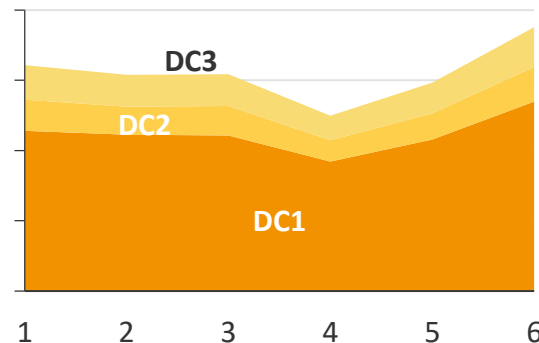
Initiatives are leading to a lower cost of goods sold across categories:

- Double-digit reduction of COGS in core textile products
- Single-digit reduction of COGS in core bedding products

Logistics

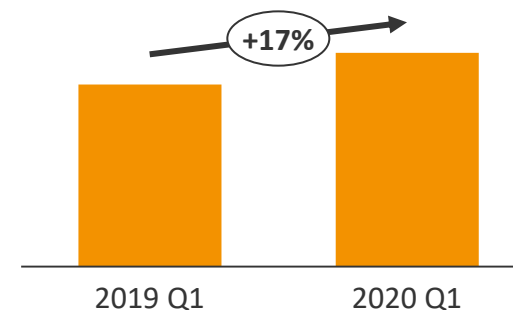
Record level throughput

in colli per month in '000

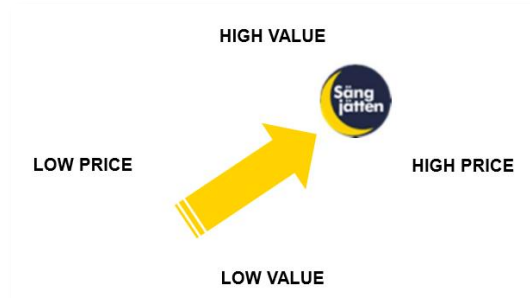


Increased productivity

Colli per hour



Sängjätten is stepping up implementation to become profitable



Re-positioning the brand focusing on sleep expertise and customer in-store experience

Omnichannel marketing campaigns including offering a Quality-Sleep Guarantee

Changed the assortment to include more A-brands and higher quality products, driving healthier margins

Introduced premium partnerships with strategic suppliers

Introduced a franchise store model: 3 stores end of H1 2020

Reduced overhead and logistics costs, impact expected in H2

Driving operational excellence through leaner sales & support structure

DBC H1 performance strong, despite COVID-19 related slowdown



Contract agreed, virtual signing-session to be organized due to COVID-19. First phase of roll-out will take up to one year to be concluded



Changing agreement with Matratzen Concord for Mline Slowmotion 3-6 to a wholesale basis



Mline's first shop in shop in department store Nijhof in Baarn, to be launched in August / September. 100m2 with own personnel amid other high-value brands



Launch of Mline in Loods 5 in September 2020 with 3 bedsystems with option roll out to all 5 stores



B2B: New hotels (e.g. Amsterdam and Tui Hotels), Ministry of Defense and further roll out Europarcs

International sales: Launch Galaxus Switzerland, Amazon Germany, Wayfair Germany and launch with 10 French dealers



Introduction new Mline Iconic collection July 2020



Strong start of online business through mline.nl and wavebymline.nl



Donation Mline mattresses to hospitals in The Netherlands due to COVID-19



Due to the COVID-19 crisis the economic conditions are challenging

The bedding market is **generally stable and growing** due to an ageing & growing population and an increasing emphasis on health and lifestyle

The outbreak of **COVID-19 has a profound negative impact** on the economy for the coming 1-2 years. Luxury goods and the housing market are expected to be affected accordingly

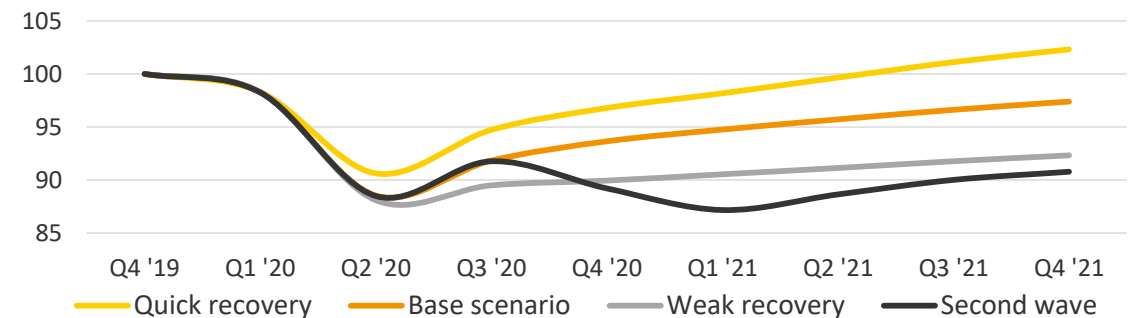
The impact of COVID-19 differs strongly per sector. The **retail & wholesale** sector in the Netherlands is expected to **contract by 7%** in 2020²

Concluding H1 the company proved to be resilient by formulating adequate responses to the COVID-19 crisis, working together with dedicated employees, supported by committed suppliers and rewarded by many loyal and new customers. By focusing on the long term and investing in value creation for our customers and stakeholders, we believe we will emerge from this crisis stronger and be ready to capture more growth in the future

CPB has defined **four scenarios** regarding potential impact on the Dutch market:

- **Quick recovery:** rapid shift in employment, catch-up spending and investments
- **Base case:** recovery from Q3 onwards, but incomplete. Unemployment rate doubles
- **Weak recovery:** bigger problems abroad and in the financial system lead to a deeper and longer recession
- **Second wave:** companies are hit by a second wave while their buffers have already been stretched

Impact COVID-19 crisis on Dutch GDP¹



Agenda

2020 H1 business

John Kruijssen

2020 H1 financials

Gabrielle Reijnen

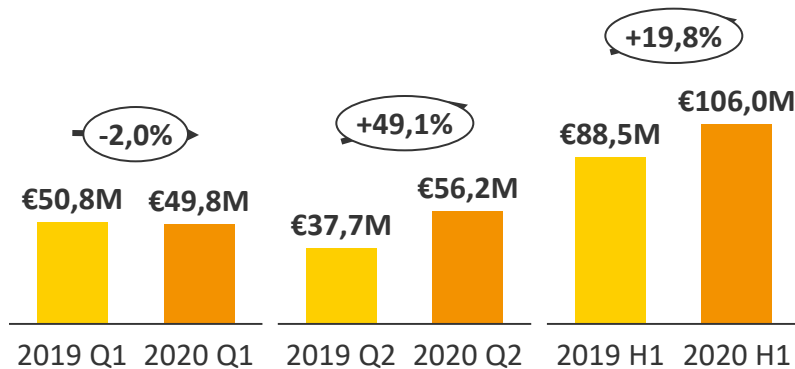
Q&A



Order intake and sales are showing strong performance

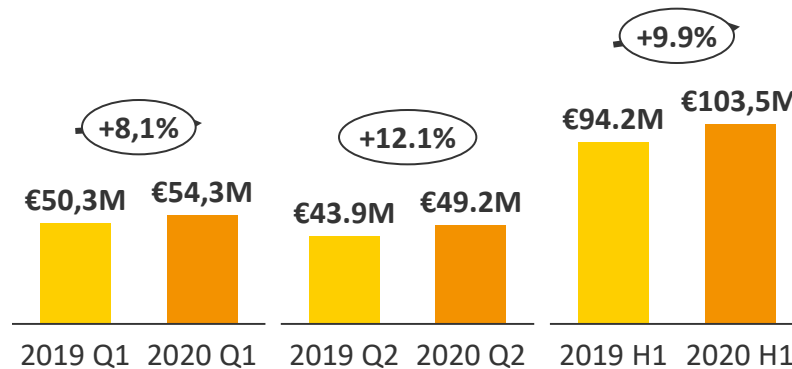
Order intake

In € million - All entities Beter Bed Holding



Sales

In € million - All entities Beter Bed Holding

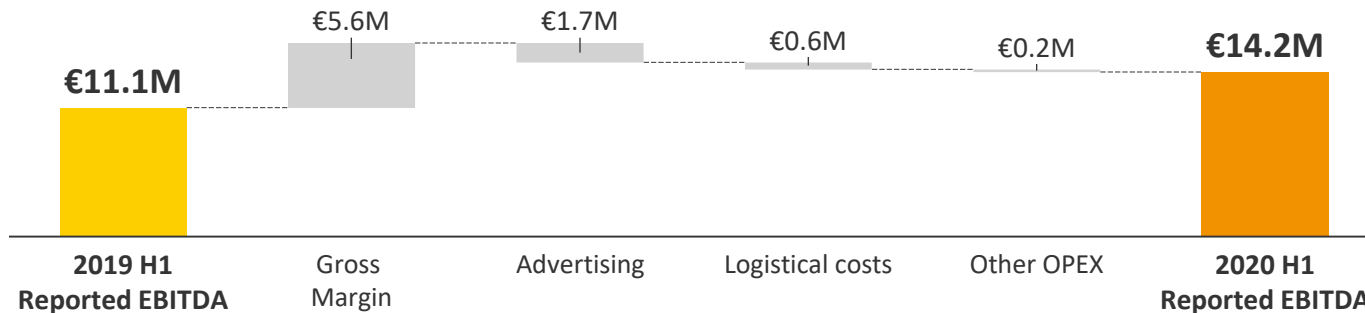


Strong H1 2020 Sales growth and order intake growth

Order intake was down slightly in Q1 due to the COVID-19 outbreak in March

EBITDA bridge

In € million - All entities Beter Bed Holding



An improving gross margin leads to a higher EBITDA despite higher marketing investment and logistics expenses

Overall reported H1'2020 EBITDA has improved by +€3.1 million

H1 2020 EBITDA is € 14.2 million (13.8% of sales) and € 3.1 million above H1 2019

Profit & Loss statement continuing operations

In thousand €, unless otherwise stated	H1 2020		IFRS16	H1'2020 Adjusted		H1 2019		IFRS16	H1'2019 Adjusted	
Revenue	103.478		-	103.478		94.158		-	94.158	
Cost of sales	(48.142)		-	(48.142)		(44.427)		-	(44.427)	
Gross Profit	55.336	53,5%	-	55.336	53,5%	49.731	52,8%	-	49.731	52,8%
Personnel expenses	(23.024)		-	(23.024)		(23.304)		-	(23.304)	
Other operating expenses	(18.081)		7.742	(25.823)		(15.282)		7.220	(22.502)	
Total operating expenses	(41.105)	-39,7%	7.742	(48.847)	-47,2%	(38.586)	-41,0%	7.220	(45.806)	-48,6%
EBITDA	14.231	13,8%	7.742	6.489	6,3%	11.145	11,8%	7.220	3.925	4,2%
Depreciation and amortisation	(10.150)		(7.414)	(2.736)		(10.766)		(7.400)	(3.366)	
Operating profit (loss) (EBIT)	4.081	3,9%	328	3.753	3,6%	379	0,4%	(180)	559	0,6%
Finance costs	(819)		(193)	(626)		(338)		(83)	(255)	
Profit (loss) before tax	3.262	3,2%	135	3.127	3,0%	41	0,0%	(263)	304	0,3%
Income tax	(1.221)		(74)	(1.147)		(746)		-	(746)	
Net profit (loss) from continuing operations	2.041	2,0%	61	1.980	1,9%	(705)	-0,7%	(263)	(442)	-0,5%
Profit / (loss) after tax from discontinued operations	-		-	-		(21.945)		-	(21.945)	
Net profit (loss)	2.041	2,0%	61	1.980	1,9%	(22.650)	-24,1%	(263)	(22.387)	-23,8%

Record level order intake growth of +49.1% in Q2 2020 and +19.8% to date

Order Book all time high, enough for nearly next 1.5 months Sales

Operating profit € 3.7 million ahead of previous year

Operational cost as a % of revenue -1.3pp lower than last year

Balance sheet structure improved with lower working capital requirements

Consolidated Balance Sheet

In thousand €, unless otherwise stated

	H1 2020	IFRS16	H1'2020 Adjusted	FY 2019	IFRS16	FY'2019 Adjusted
Fixed assets	55.968	(36.981)	18.987	62.977	(42.459)	20.518
Intangible assets	8.278		8.278	8.483		8.483
Property, plant & equipment	9.312		9.312	10.596		10.596
Right-of-use assets	36.302	(36.302)	0	41.747	(41.747)	-
Deferred tax assets	2.012	(679)	1.333	2.087	(712)	1.375
Other non-current financial assets	64		64	64		64
Current assets	42.606	(643)	41.963	36.427	(192)	36.235
Inventories	21.284		21.284	22.233		22.233
Receivables ¹	11.771	(643)	11.128	12.079	(192)	11.887
Cash and cash equivalents	9.551		9.551	2.115		2.115
Total assets	98.574	(37.624)	60.950	99.404	(42.651)	56.753
Equity & Liabilities	98.574	(37.624)	60.951	99.404	(42.651)	56.754
Equity	4.985	2.547	7.532	3.035	2.331	5.366
Non-current liabilities	25.306	(24.504)	802	30.043	(29.240)	803
Current liabilities	68.283	(15.667)	52.616	66.326	(15.742)	50.584
Total Equity & liabilities	98.574	(37.624)	60.950	99.404	(42.651)	56.753

Improved working capital

Strengthened equity position through operational result and interest accrued on perpetual loan

Substantial improvement in cash and cash equivalents

1. Trade receivables, income tax receivable & other receivables

Cash generation ability further improved

Cash flow statement

In thousand €, unless otherwise stated	H1 2020	IFRS16	H1'2020 Adjusted		H1 2019	IFRS16	Disc. Ops.	H1'2019 Adjusted
Result (loss) for the period from operations	4.081	328	3.753		379	(180)		559
Depreciation & amortization	10.150	7.414	2.736		10.780	7.400		3.380
EBITDA	14.231	7.742	6.489		11.159	7.220	-	3.939
Inventories	949		949		2.508			2.508
Trade & other receivables	760		760		1.393			1.393
Trade & other liabilities	3.713		3.713		(5.728)			(5.728)
Change in Working Capital	5.422	-	5.422		(1.827)	-	-	(1.827)
Costs share-based compensation	37		37		41			41
Income tax received/(paid)	(15)		(15)		(1.005)			(1.005)
Discontinued operations	-		-		(30.615)		(30.615)	-
Cash flow from operating activities	19.675	7.742	11.933	-	(22.247)	7.220	(30.615)	1.148
Capital expenditures	(1.256)		(1.256)		(2.154)			(2.154)
Other	9		9		897			897
Discontinued operations			-		16.452		16.452	-
Cash from from / (used in) investing activities	(1.247)	-	(1.247)		15.195	-	16.452	(1.257)
Repayment of borrowings	(2.171)		(2.171)					-
Proceeds from borrowings			-		11.110			11.110
Interest paid	(575)		(575)		(540)			(540)
Payment lease liabilities	(7.987)	(7.742)	(245)		(7.200)	(7.220)		20
Discontinued operations	-		-		1.407		1.407	-
Cash from from / (used in) financing activities	(10.733)	(7.742)	(2.991)		4.777	(7.220)	1.407	10.590
Movements in cash and cash equivalents	7.695	-	7.695		(2.275)	-	(12.756)	10.481
Net foreign exchange difference	(259)		(259)		(122)			(122)
Opening balance	2.115		2.115		6.173			6.173
Closing balance	9.551	-	9.551	-	3.776	-	(12.756)	16.532

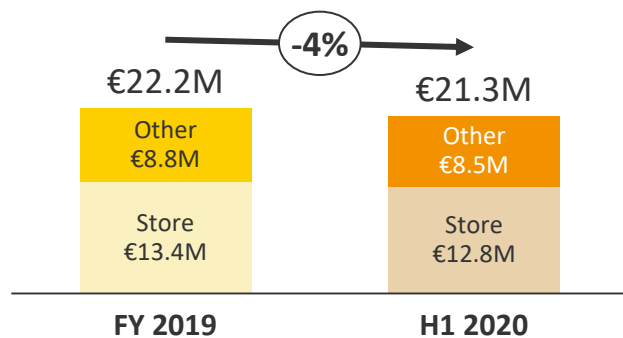
€7.7 million cash generated in H1 2020

Positive cash from operating activities driven by operational profit and working capital reduction

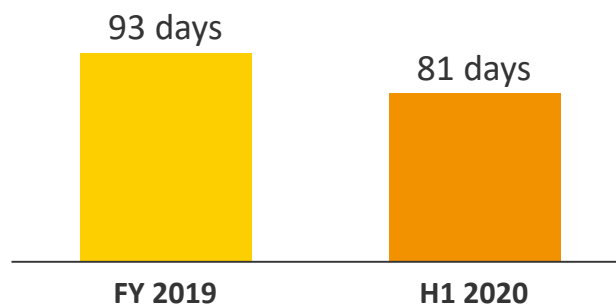
Selective capital investments

Inventory conversion cycle reduced

Inventory development

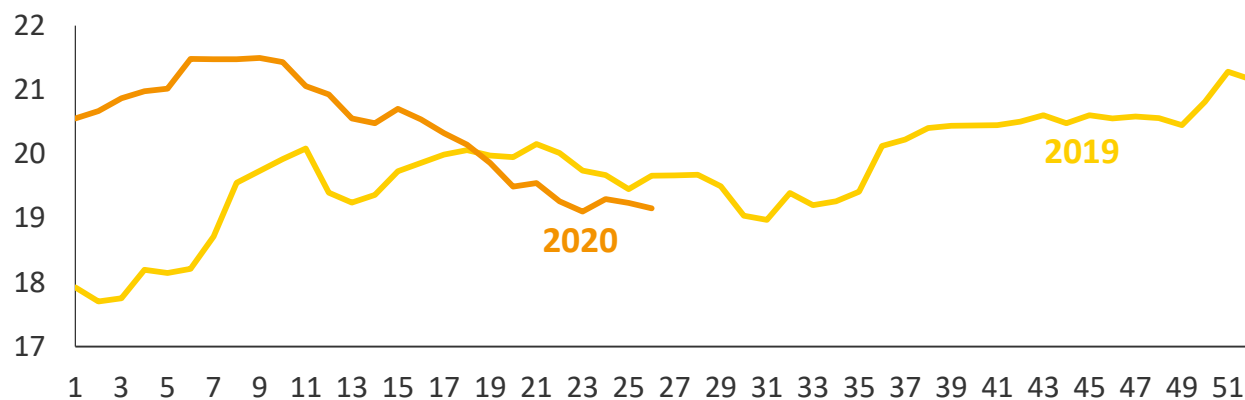


Inventory days – Benelux only



Inventory reduced by € 0.9 million in first half of 2020

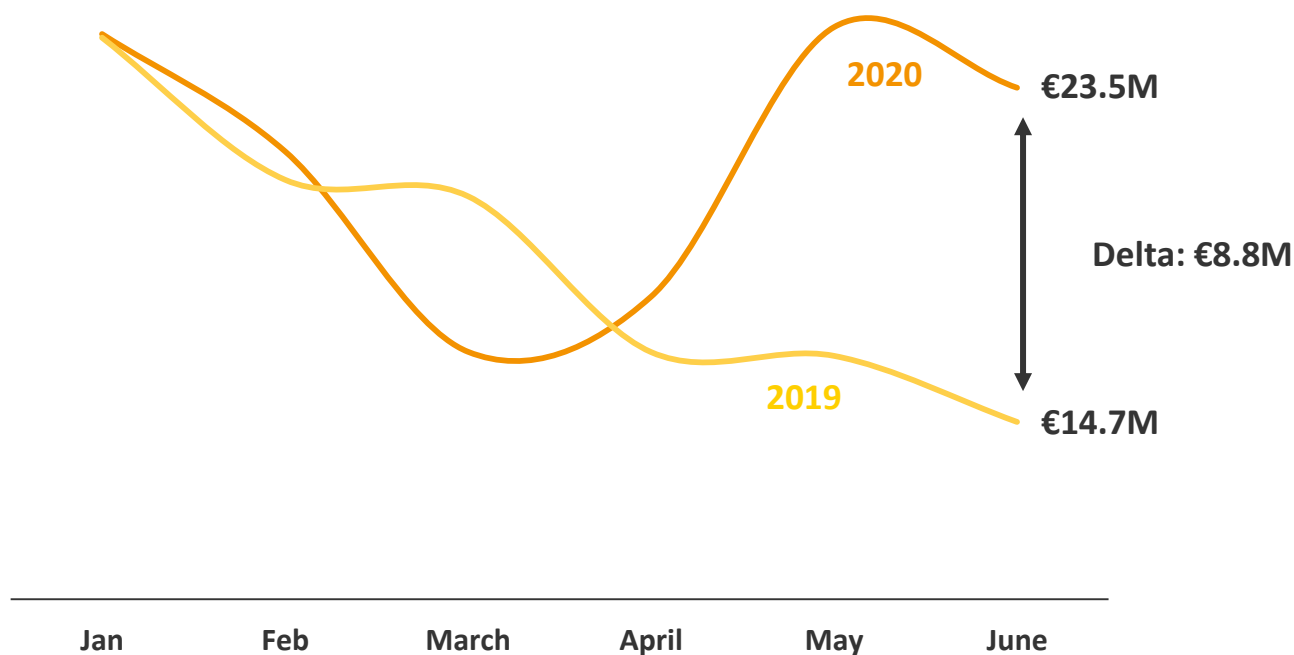
Weekly total inventory in €M – Benelux only



Inventory conversion cycle reduced improving cash conversion cycle

Order Book record high in H1 2020, covering nearly 1.5 months of Sales

Total order book development in €M



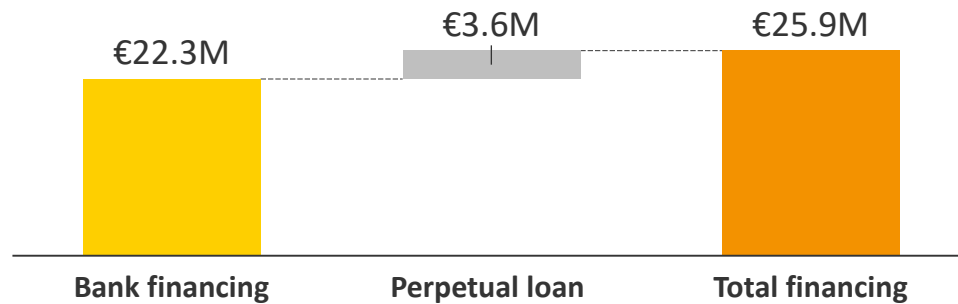
Intensified marketing efforts and targeted commercial activities resulted in substantially higher order intake

Record level order intake growth of +49.1% in Q2 2020 and +19.8% for H1 2020

Order Book all time high, covering nearly 1.5 months of Sales

Company turned into a net cash position and extended bank financing

Financing structure



Bank financing

Extension of current financing facilities of € 22.3 million with incumbent banks

Shareholder loan

Conversion of € 3.5M shareholder loan plus incurred interest into newly issued shares:

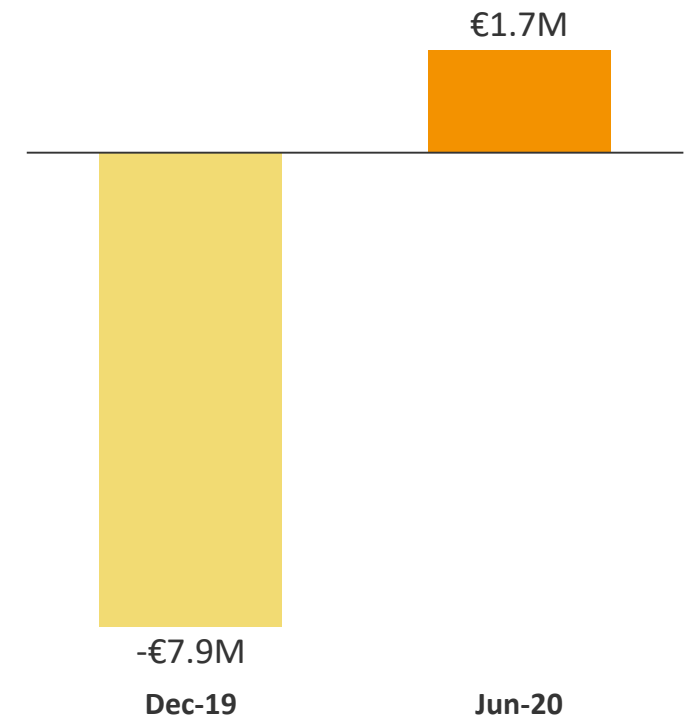
- Conversion of interest based on avg market price before publication;
- Conversion of principal amount on average market price after publication with modest discount.

Maximum # of shares to be issued is 2.15 million

Perpetual loan

Agreement to decrease interest rate applicable to perpetual loan of € 3.6 million for the next 12 months

Net debt development



Agenda

2020 H1 business

John Kruijssen

2020 H1 financials

Gabrielle Reijnen

Q&A



BetterBed
holding



Q&A