

A photograph of a woman with curly hair sleeping peacefully in a bed, covered with a white blanket, set against a dark background.

2020 Annual Results

March 12th, 2021

Agenda

2020 business

John Kruijssen

2020 financials

Gabrielle Reijnen

Q&A

Slaapkoppen
geven het goede
voorbeeld



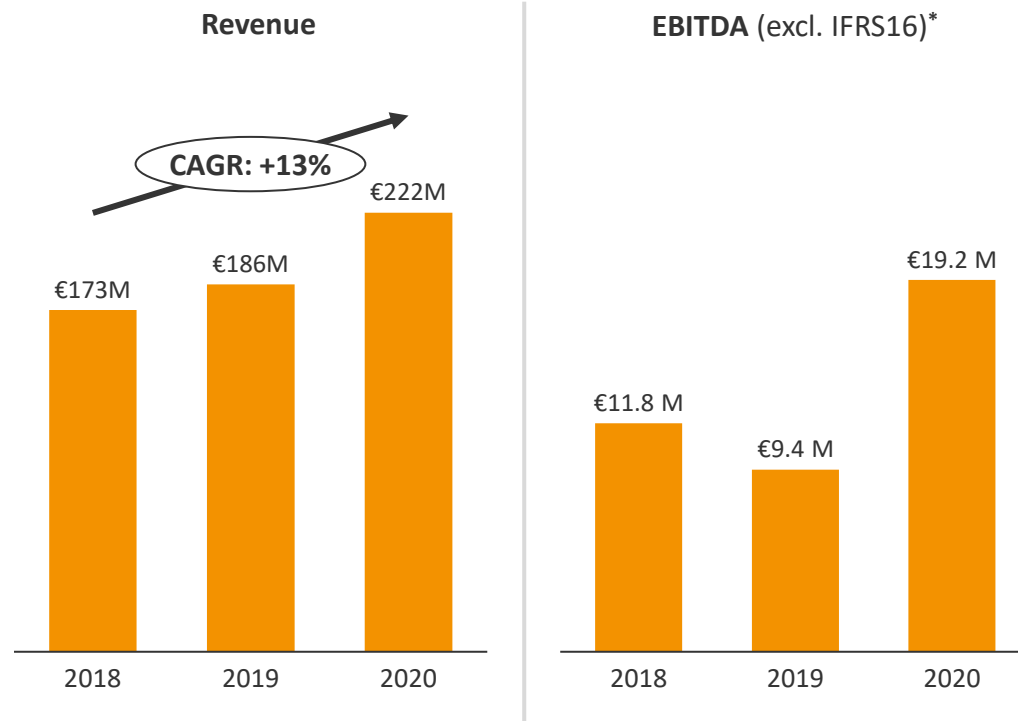
Beter slapen, beter leven

Strong commercial & financial performance with excellent free cash flow

- Full-year EBITDA (excl. IFRS16) grew +104% to € 19.2M leading to a net profit of € 7.9M
- Sales growth of +19.5% to € 222.1M representing a like-for-like uplift of 21.2% across the Group
- Order intake grew +24.8% LFL leading to record high order book of 24.8M on Dec 31st, an increase of 18.7% vs. last year
- COVID-19 pandemic disrupting the economy & society as a whole. Proven to be resilient and adaptive in dealing with challenges and seizing opportunities
- Online sales up 87% leading to channel share of 14.8%
- More operational excellence in stores and supply chain has fueled growth, more forward-looking sourcing ensured availability despite disrupted supply lines
- Sängjätten successfully implemented step 1 of repositioning plan
- DBC grew strongly in existing channels and international expansion is taking off
- Further improved financial position and returned to healthy net-cash position, majority of financing facilities remain unused, record-high orderbook offers buffer to absorb store closures
- 2020 performance proves the strategic route is paying off. We outgrew the NL market with >10%pt and we reinforced our quality-sleep positioning.

Order intake and sales showing strong growth

Core BBH financials



*) EBITDA is EBIT plus depreciation of PPE and amortisation of intangible fixed assets. EBITDA is not considering depreciation on right of use assets arising from lease agreements (IFRS16 effect)

**) EBITDA 2018 and 2019 represents result for the continuing operations

Benelux



Order Intake
+ 24.0% LFL



Revenue
+ 21.1%



Stores
135



FTE
929



Outgrowing market
with >10%pt

New business



Order Intake
+31.4% LFL



Revenue
+ 8.7%



Stores
16
(Sängjätten only)



FTE
91

Our new 'Slaapkoppen' campaign characterises our new strategy

*We believe the better people sleep,
the **happier** they are
the **healthier** they are and
the **more productive** they are.*

And we won't rest until everyone gets the high-quality sleep they deserve.

2021 wordt
het jaar van de
Slaapkop



Beter slapen, beter leven

Slaapkoppen
geven het goede
voorbeeld



Beter slapen, beter leven

Slaapkoppen
wordt meer mee
geflirt



Beter slapen, beter leven

Slaapkoppen
kunnen er de hele
dag tegenaan



Beter slapen, beter leven

Slaapkoppen
staan nu 8 uur uit



Beter slapen, beter leven

Slaapkoppen
die komen er wel



Beter slapen, beter leven

Successfully accelerating digital transformation to embrace the new normal



Replatforming to increase website performance & robustness and facilitate faster development cycles for future initiatives



Increasing marketing effectiveness by ROAS-based marketing investments building on attribution modelling



Self-learning recommender system and **Category bundle promotions** to drive cross-sell



CRM program to increase opt-ins and personalise mailings



Strong presence on Bol.com, started on Amazon to continue to tap into these fast-growing channels and drive online growth



Launched chatbot 'Bo' for customer service request as well as lead generation

Traffic



Conversion

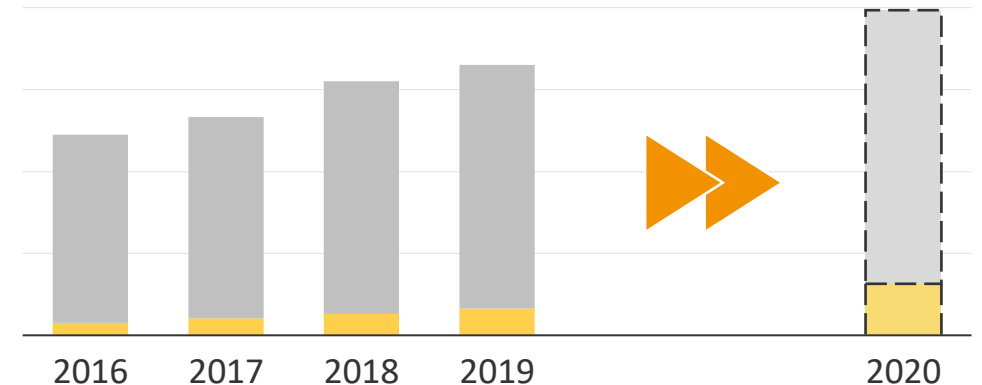


AOV



Evolution from brick & mortar to omni-channel player

Beter Bed online vs. offline revenue

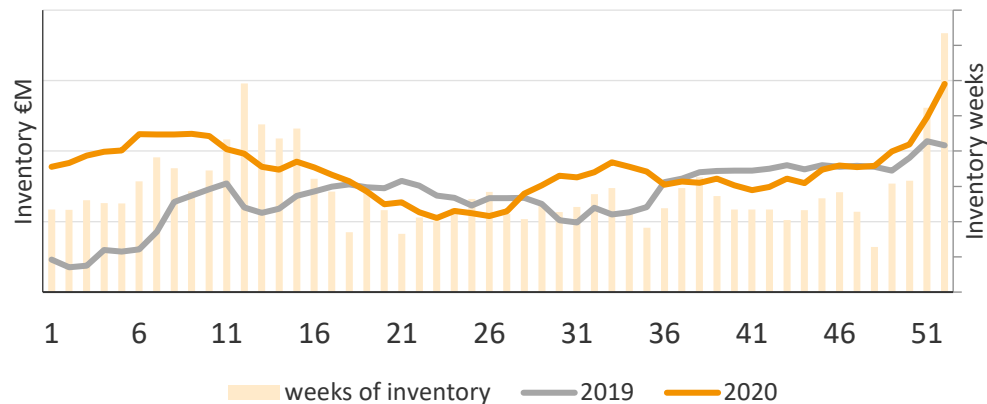


More forward-looking sourcing and efficient supply chain

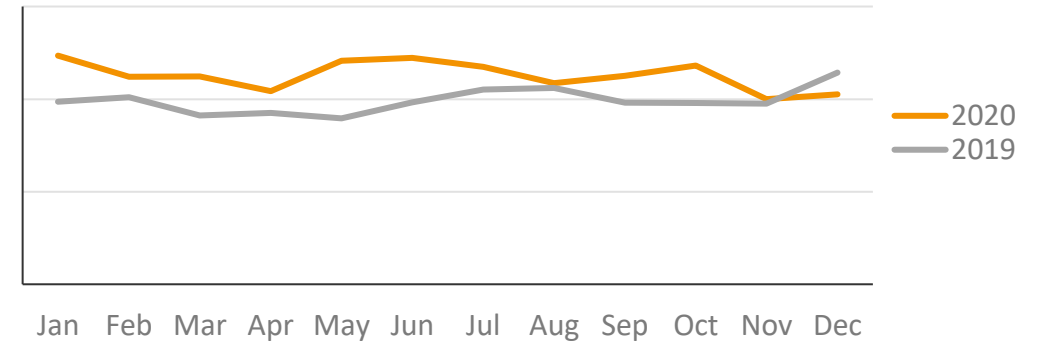
Sourcing

- ✓ **More competitive COGS through increased sourcing in China**
 - Resulted in double-digit purchase price improvements for products in scope
 - Required additional stock keeping
- ✓ **Mitigated COVID-19 disruptions and safeguarded supply by increasing stock levels**
- ✓ **Forward buying to mitigate increasing prices of raw materials resulting in avoidance of COGS increases**

Weekly inventory in €M – Benelux only



Supply chain throughput per hour



- Approx. 15% increase in total supply chain productivity
- Amount of transportation routes increased +6%, additionally value per round increased +8%
- Number of deliveries, including 3PL, increased +30%
- Resulting in increasing variable costs to 3rd party logistics

Performance culture is increasing productivity & performance

Learning & Development

Customised content:
89 e-learnings
65 product videos



Beter Bed Academy

602 active users

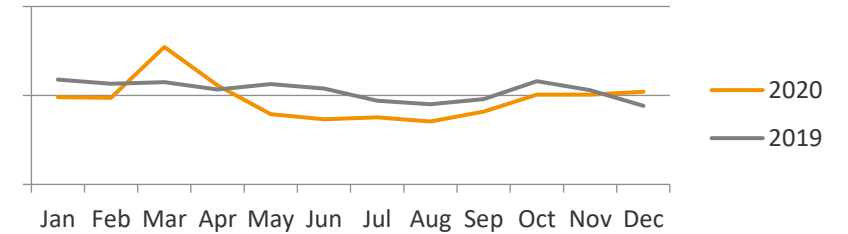
Modules followed:
7507

1134	E-learnings
5189	Essentials
208	Podcasts
81	Scans
855	Webinars
30	WE-learnings

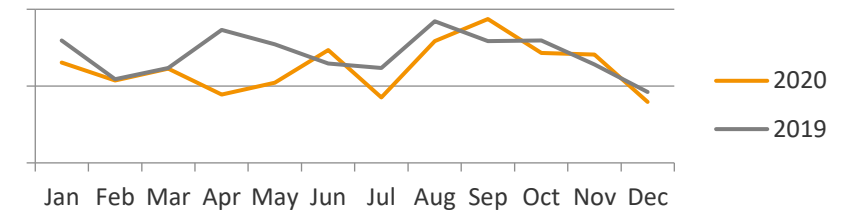


Key figures

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



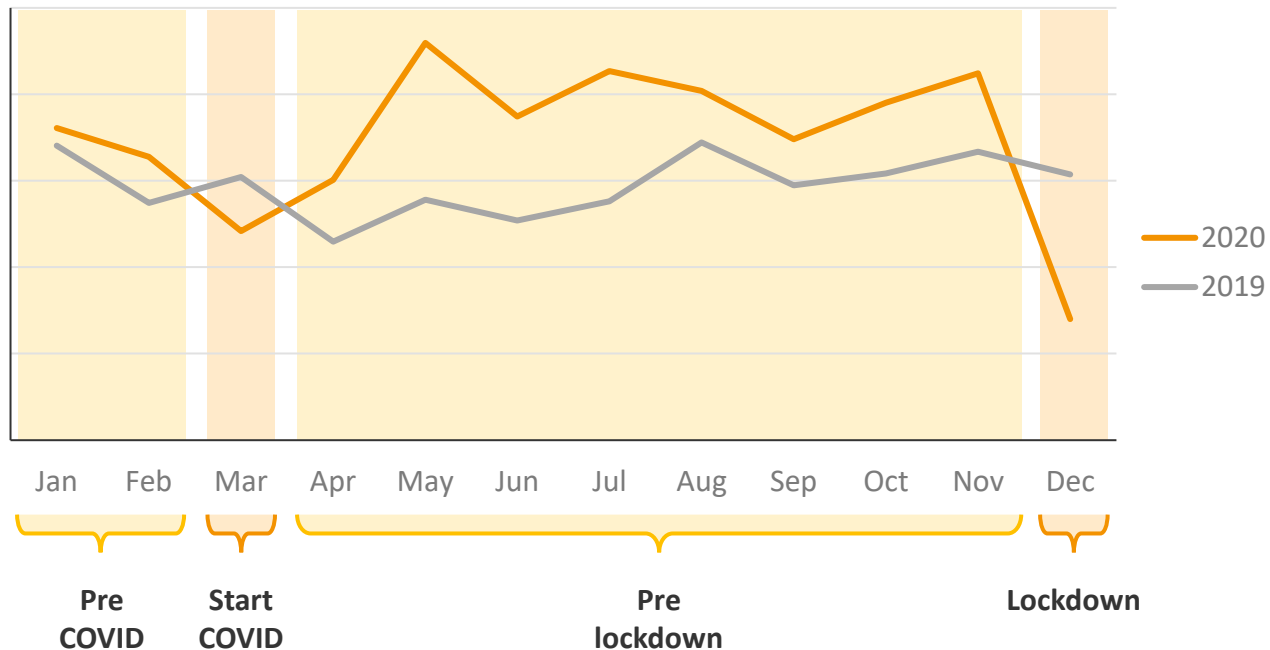
Lower churn of staff



47 internal promotions

Continuous education and data-driven steering improving productivity

Sales productivity improvements
(Example NL: Offline OI/worked hours)



Continuous productivity insights have been used to optimise the use of labour hours per store and per person planned



Pre COVID-19 the productivity increased +10%, after a brief dip at the start of COVID-19 pandemic in the Netherlands, productivity increase was approx. +35%



Both the order intake per hour and per person increased, leading to improved total productivity throughout the year of +19%

Sängjätten successfully implemented step 1 of repositioning plan



- ✓ Brand repositioning to sleep experts completed with TV campaign end of 2020
- ✓ Product portfolio changed from generic to branded offerings, resulting in increased AOV and margin
- ✓ Organisational restructuring completed and all stores refitted
- ✓ Controlled additions (Franchise and own) to store portfolio

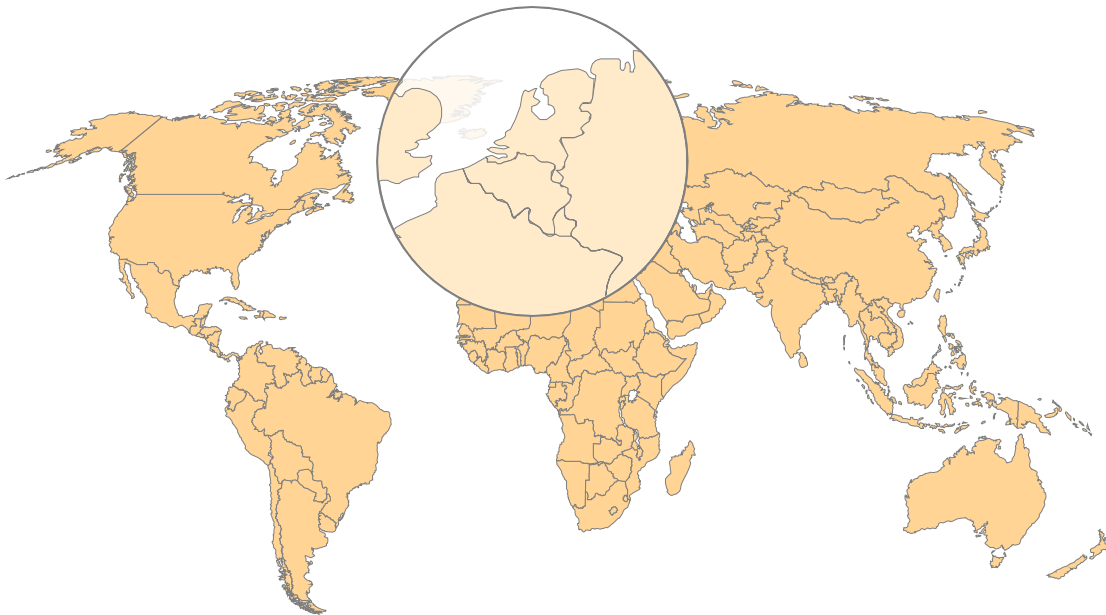
- Investing in omni-channel optimising product portfolio online and store, improving delivery time & method (dropship) and use online to drive store sales and online sales

DBC performance strong, despite COVID-19 related slowdown

- ✓ Strong growth in BNL through Beter Bed, Dealers and Online
- ✓ Evaluated & concluded M line brand to further leverage the strong brand awareness and brand positioning
- ✓ Expanding dealerships and launched shop-in-shop



droomparken

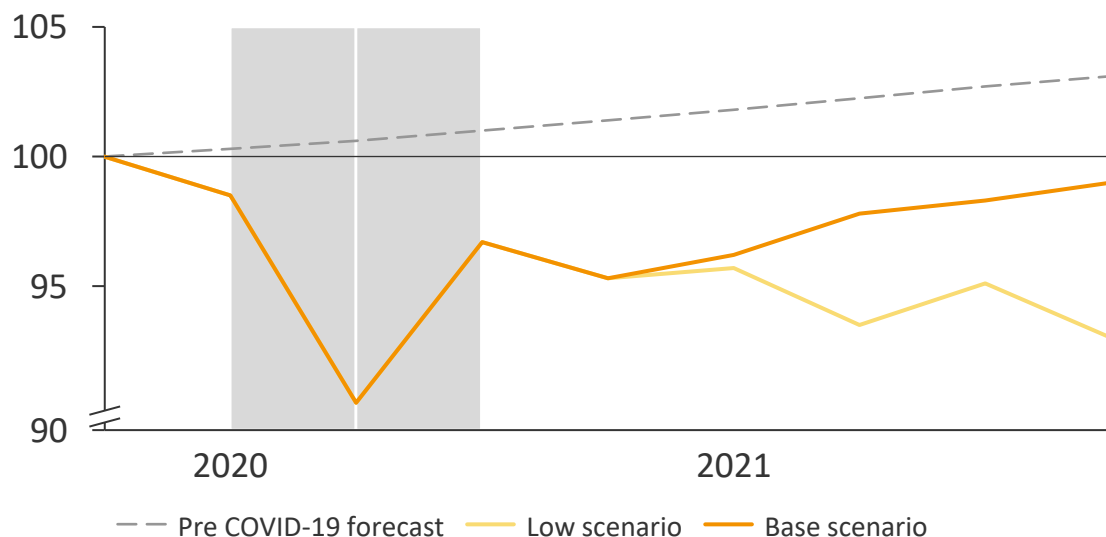


- ✓ DeRUCCI: Operational process tested, and first orders placed and on their way to China
- ✓ Expanding internationally in Germany, Austria, France through new dealers and online players like Amazon and Wayfair



We have proven to be resilient and adaptive in navigating the COVID-crisis

Pandemic disrupting the economy & society as a whole...



... which interrupted our momentum while also offering opportunities



Accelerated shift to online



Temporary increase due to home-improvement



Stores closures due to lockdown



Increased product demand vs. supply chain challenges, like commodity shortages, border closures and production outages

Beter Bed Holding 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

Amid an unprecedented public health crisis, sleep has become more relevant than ever

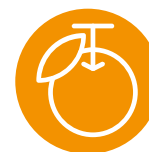
Importance of healthy lifestyle is getting reinforced by COVID...

In November 2020, a group of 70 prominent doctors, scientists and public health professionals wrote an urgent letter to the Dutch cabinet stating that

- ✓ fostering healthy lifestyles is crucial to fight off the COVID-19 pandemic
- ✓ A healthy lifestyle boosts the immune system, which makes people less susceptible to viruses and thus reduces the chance of contracting COVID-19
- ✓ People with a healthy lifestyle who do contract COVID-19 generally have much less severe symptoms
- ✓ Healthy lifestyles lead to a dramatic drop in non-COVID related diseases, alleviating pressure from the public health system
- ✓ A healthier lifestyle strengthens the immune system within weeks and improves mental health
- ✓ Vaccines are generally less effective when people have an unhealthy lifestyle

... with focus on 5 core building blocks

In their letter, the group of experts advised the cabinet to launch a broad campaign to inform the general public of the importance of a healthy lifestyle. They stressed five aspects of a healthy lifestyle:



Healthy
nutrition



Sleep and
relaxation



Sufficient
exercise



Limit
alcohol



Avoid
smoking

Our 'Slaapkoppen' campaign and our new Sleep-as-Service propositions directly build on this



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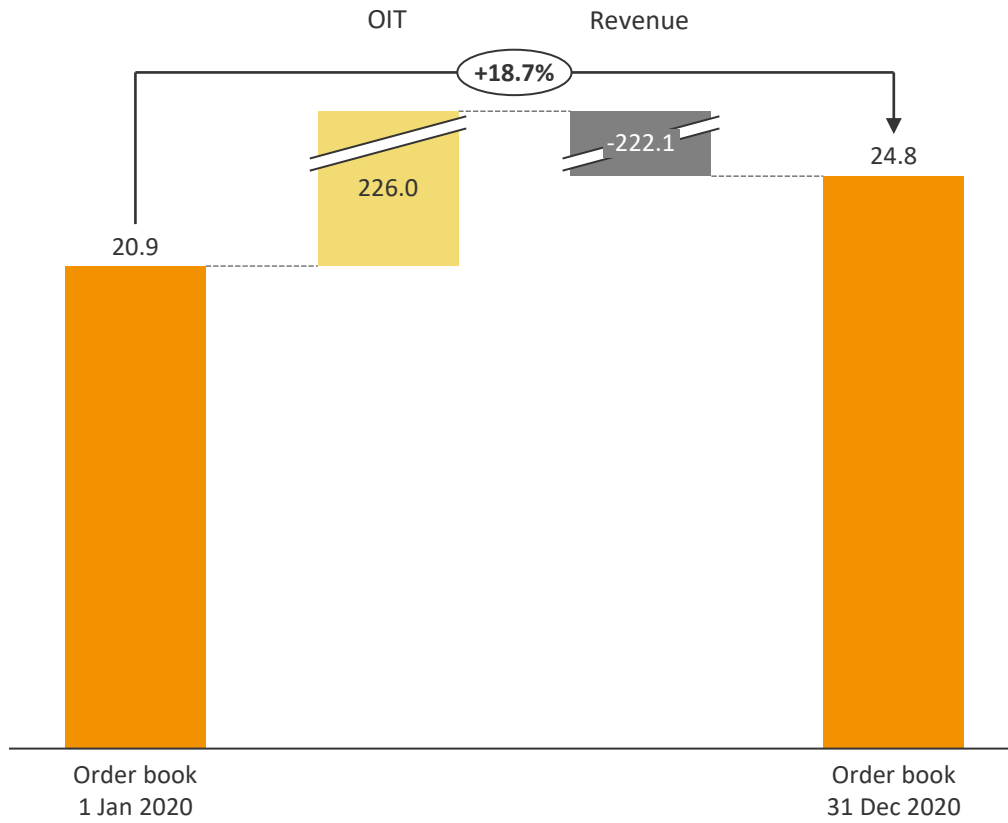
Slaapkoppen
zijn de concurrentie
voor



Beter slapen, beter leven

Record-high order book of € 24.8M

Order book FY 2020 (in €M)



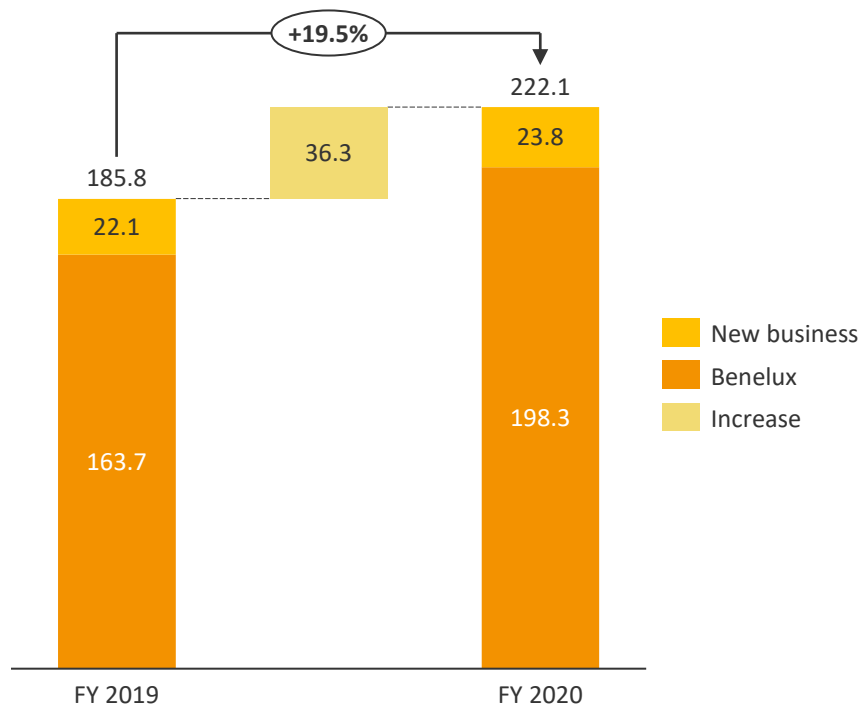
Key notes:

- Order book increase of 18.7% compared to previous year
- Acceleration in revenue and order intake growth in all activities

Revenue

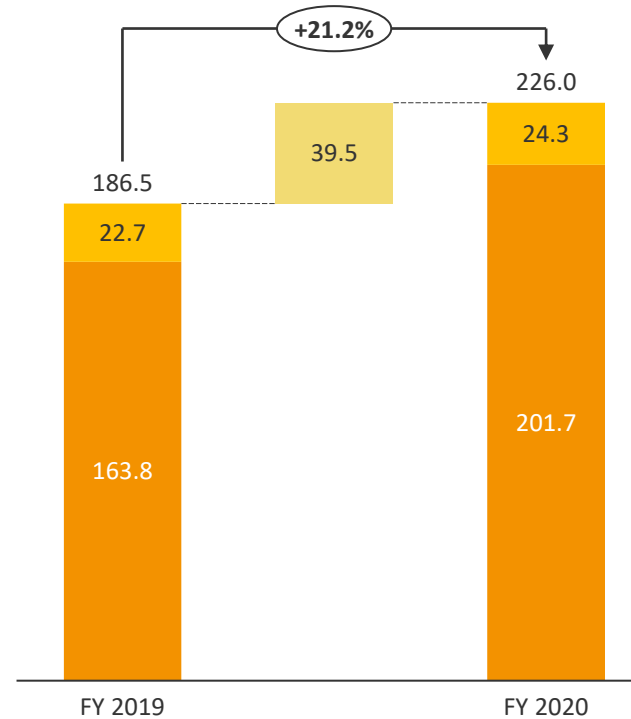
Revenue development (in €M)

FY 2020 vs. FY 2019



Order intake development (in €M)

FY 2020 vs. FY 2019

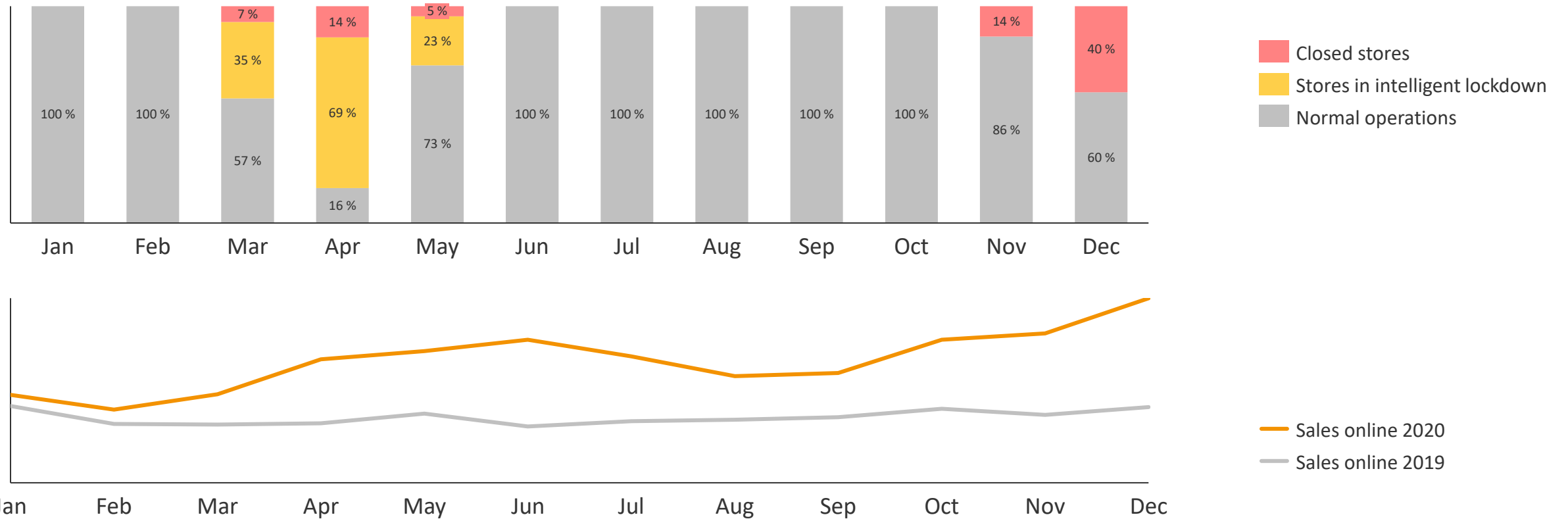


Key notes:

- Revenue increased by 19.5% despite COVID-19 pandemic with store closures and lock down measures
- Both Benelux and New business contributed to the revenue growth

Online covered part of store-closure impact

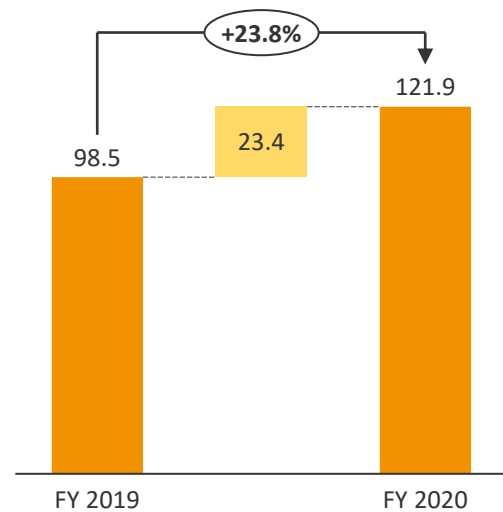
Opening hours of stores in 2020 (in %)



Gross profit vs operating costs

Gross profit (in €M)

FY 2020 vs. FY 2019



As % of rev.

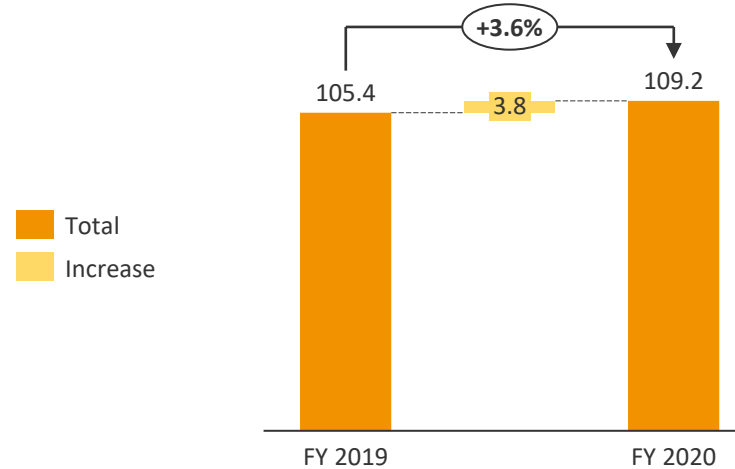
53.0%

54.9%



Operating costs (in €M)

FY 2020 vs. FY 2019



As % of rev.

56.7%

49.2%



As % of OIT

56.5%

48.3%



Key notes:

- Gross margin increased by reallocating sourcing and re-engineering of products
- Operating expenses up by € 3.8M mainly driven by higher marketing investment to grow the online and offline order intake and due to the higher logistic costs

Operating costs (incl. D&A)

FY 2020 vs. FY 2019 (in €M)

€ millions

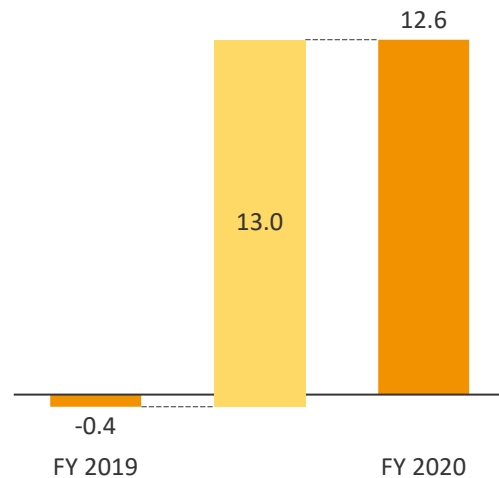
	Operating costs FY 2020		
	Operating costs FY 2020	Operating costs FY 2019	Delta in %
Personnel expenses	47.8	47.1	1.5%
Depreciation, amortisation and impairment	20.8	21.7	-4.0%
Other operating expenses	40.7	36.6	11.0%
<i>Housing expenses</i>	4.5	4.3	4.8%
<i>Sales and marketing expenses</i>	15.2	11.1	36.5%
<i>Warehouse and logistic expenses</i>	7.6	6.7	13.3%
<i>Other operating expenses</i>	13.4	14.5	-7.8%
Total	109.2	105.4	3.6%

EBIT of € 12.6M leading to net profit of € 7.9M

Group EBIT (in €M)

FY 2020 vs. FY 2019

EBIT
Increase



(0.2%)

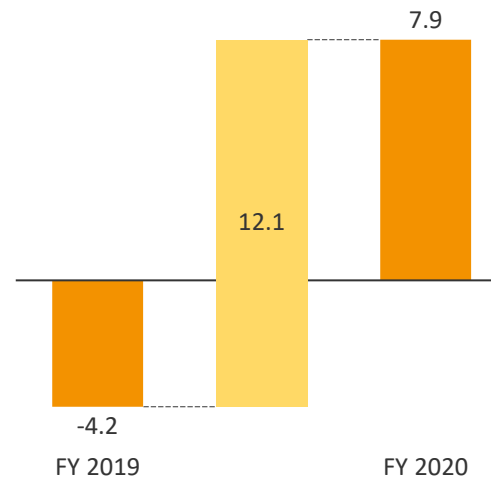
As % of rev.

5.7%

Group net profit (in €M)

FY 2020 vs. FY 2019

Net Profit
Increase



(2.2%)

As % of rev.

3.6%

EBIT (k€)	12,642
Finance costs (k€)	-943
Profit before taxation (k€)	11,699
Income tax (k€)	-3,761
Net profit (k€)	7,938

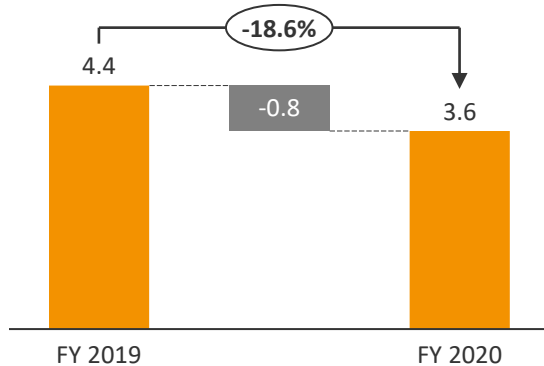
Average number of shares outstanding 25,085,247

EPS (€) **0.32**

CAPEX

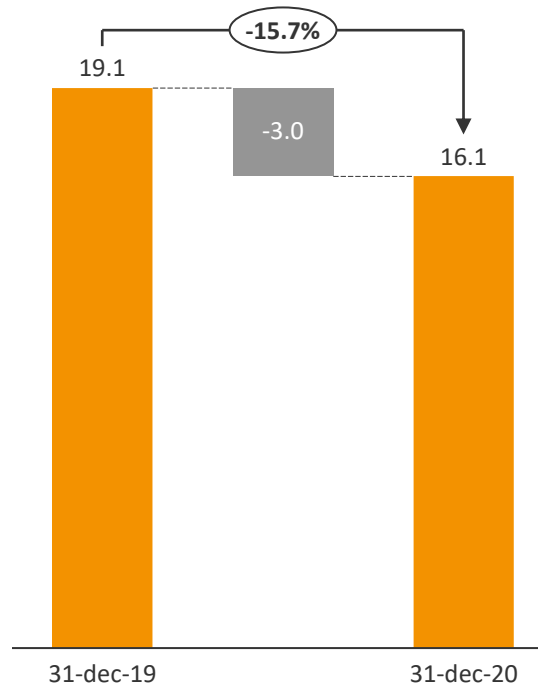
CAPEX (in €M)

FY 2020 vs. FY 2019



Net fixed assets* (in €M)

FY 2020 vs. FY 2019



*) Net fixed assets is defined as non-current assets – R-o-U assets – non-current lease receivables – deferred tax assets

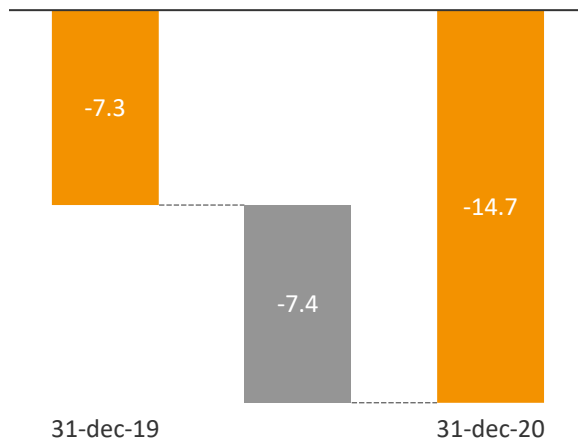
Key notes:

- CAPEX rationalised due to the pandemic situation
- Majority of investments related to IT, E-commerce platforms and five new stores and required maintenance in existing stores

Free cash flow

Net working capital* (in €M)

FY 2020 vs. FY 2019



Free cash flow (in k€)

FY 2020

Cash flow from operating activities (k€)	43,100
Investments in PPE & intangible assets	-3,578
Proceeds from sale of PPE & intangible assets	244
Interest paid	-448
Payment of lease liabilities	-15,157
Free cash flow	24,161

Key notes:

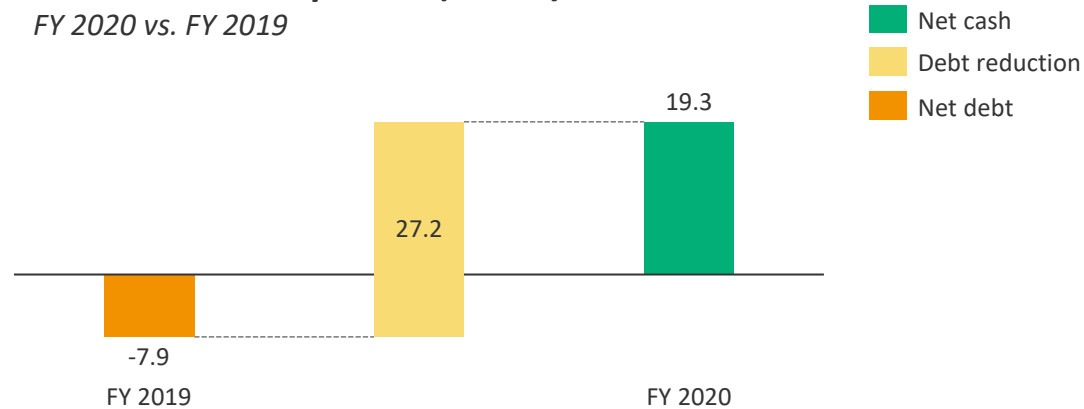
- Strong cash generation despite pandemic circumstances
- Liquidity significantly improved on the back of operating result and NWC improvements

*) Net working capital is defined as inventories + trade receivables + other current receivables – trade payables – other current liabilities

Net debt development

Net debt development (in €M)

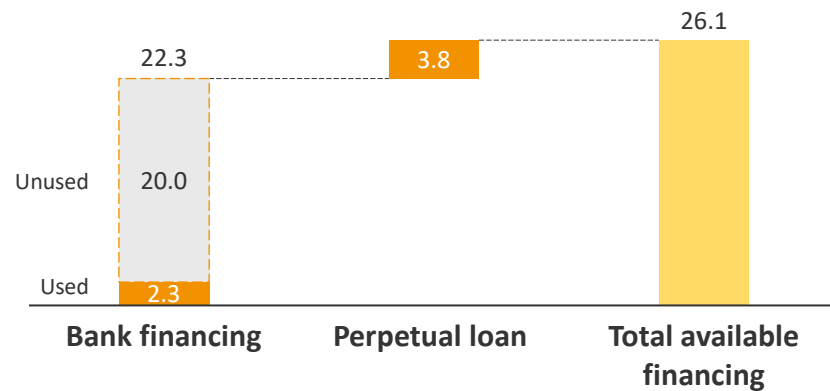
FY 2020 vs. FY 2019



Key notes:

- Improved from a net debt to a net cash position
- Majority of financing facilities remain unused

Financing structure (in €M)



Bank financing

Bank financing of € 22.3M

Perpetual loan

Perpetual loan of € 3.8M provided by three major BBH shareholders

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Slaapkoppen

willen weer
'echt' winkelen



Beter slapen, beter leven

BetterBed
holding



Q&A