



2021 H1 Results

21 July 2021

Agenda

2021 H1 business

John Kruijssen

2021 H1 financials

Gabrielle Reijnen

Q&A

Slaapkoppen
geven het goede
voorbeeld



Beter slapen, beter leven

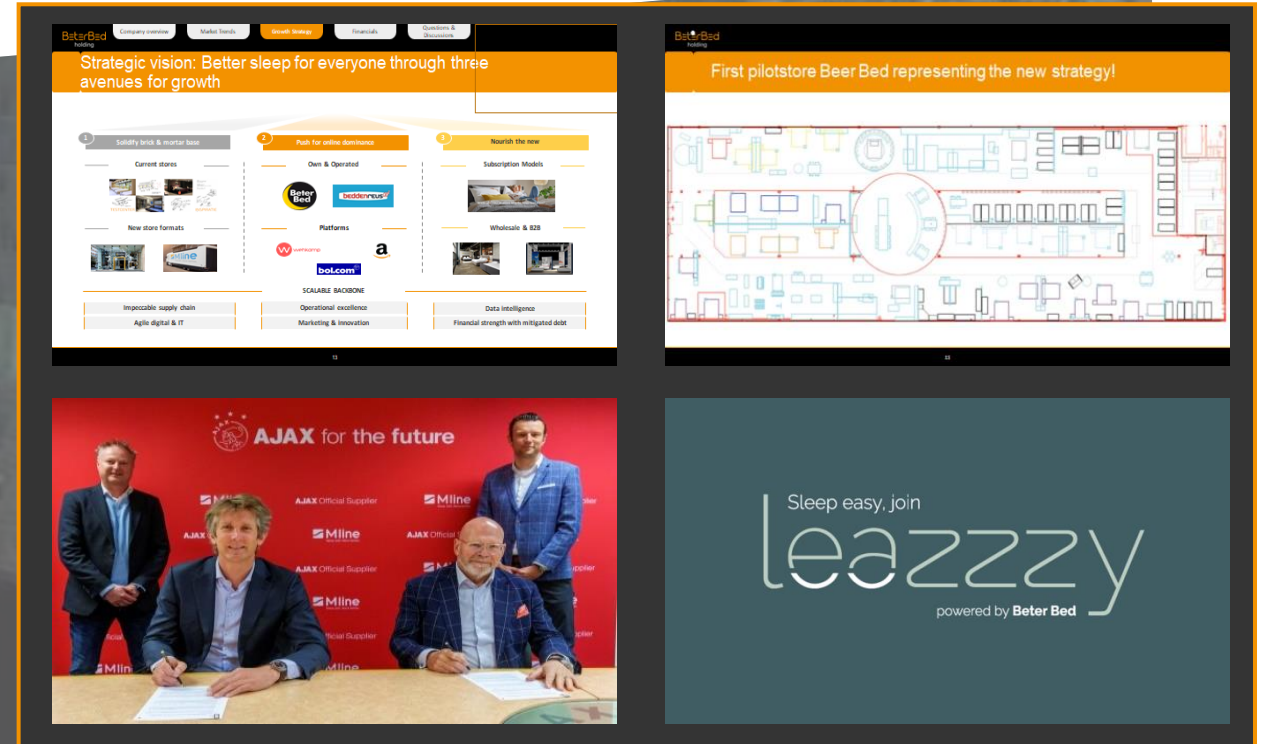
Robust H1 '21: Lockdown absorbed, ambitious strategy presented, new financing agreement, Sängjätten divested, perpetual re-paid...

- Despite COVID-19 significant lockdowns H1 Group (cont) net profit was €4.1M (+43.6% vs '20), EBIT €3.7M (-23.2% vs '20) EBITDA €13.7M (-7.6% vs '20).
- Group sales H1 grew 0.6% to €97.2M. Sales Benelux was €91.1M (-1% LFL) and New Business amounted to €6.1M (+40.8% LFL).
- Order intake Benelux Q2 (+10.6% LFL) and New Business (+85.3% LFL) resulting in H1 increase of +0.2% LFL and an order book of €24.7M (11.3% LFL vs '20).
- Group online sales grew 122.7%, with a channel share of 32.7% due to a continuing strong performance in Q2 of +40.4% in Benelux and +127.5% in New Business.
- DBC grew strongly in existing channels nationally and internationally. Positioning in sports further strengthened through partnership with AFC AJAX.
- Sängjätten showed an improved 1st half year performance and Sängjätten operations have been successfully transferred shortly after June month close.
- BBH agreed new financing facilities with ABN AMRO for 3 years replacing the existing agreement. Perpetual loan is repaid per 20 July 2021.
- Further improved financial position through improved solvency, healthy net-cash position, newly agreed but unused financing facilities, higher order book 30 June.
- A new dividend policy will be developed in H2 '21 in order to get approved by shareholders in due course.
- H1 performance proves resilience and underpins the strategic choices. Therefore we continue to be very confident with the '25 strategic goals and objectives.

Implementation of new strategy and vision is underway...

*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.



Digital sales growth ahead of plan in HY1 2021...



Vigorous a/b testing as part of an **experimentation culture**.



Implemented **profit-on-ad-spend** project to drive next level of optimisation in online advertising effectiveness and improve margin.



New on-site search functionality and filter options to drive conversion rate improvements and customer satisfaction.



SEO improvement plan in full effect to drive sustainable organic traffic growth.



Finalised **3rd Party Marketplaces growth strategy**, to start in Q3 to continue to build marketing presence and drive online growth on successful platforms.



Supply Chain & IT organisational changes have resulted in faster time to market on key online enablers.

Traffic



Conversion

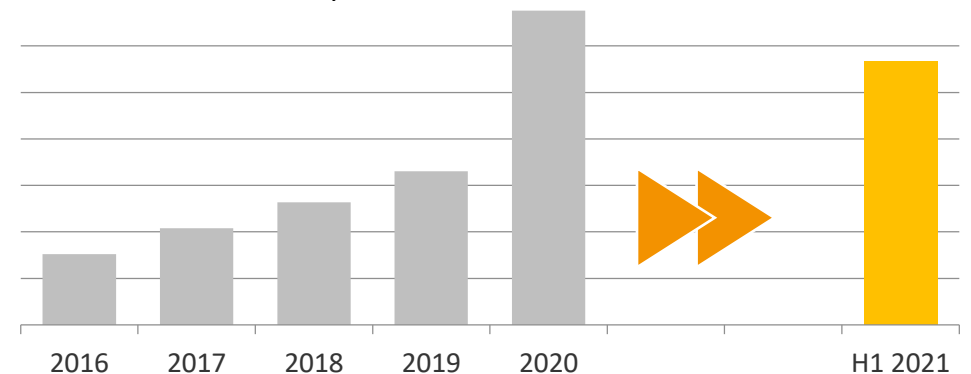


AOV



Significant gain in online sales

Nearly matched FY 2020 in H1 2021

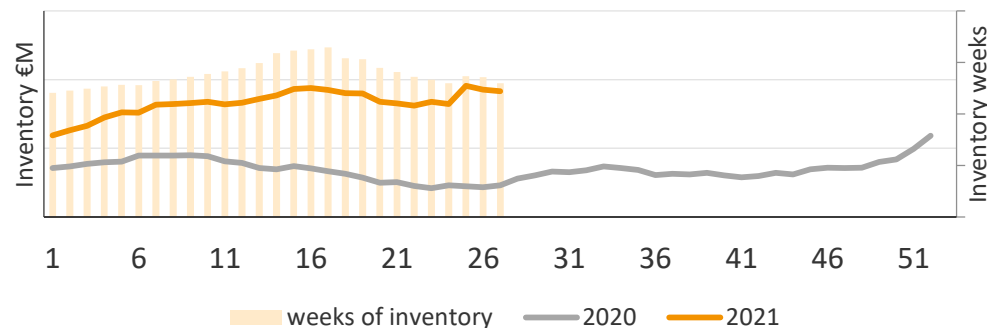


More forward-looking sourcing and efficient supply chain...

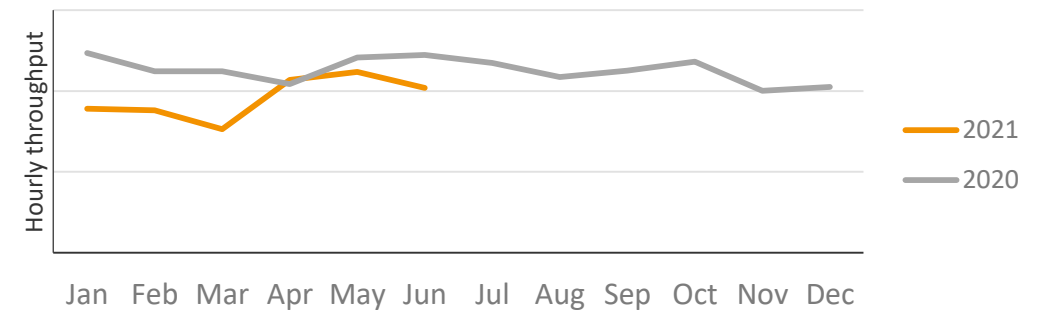
Sourcing

- ✓ More competitive COGS through **increased sourcing in China and Eastern Europe.**
 - Paid off in H1, +2.4% margin improvement compared to H1 '20
- ✓ **Strengthen relationship with suppliers** by forward buying and reserve production capacity.
- ✓ **Launch new channel specific, product portfolio** with margin improvements.
- ✓ Innovation: **successful pilot launch of data driven sleep advice**, Beter Slapen ID in Den Bosch (OI+ Conversion+ AOV+)

Weekly inventory in €M – Benelux only



Supply Chain throughput per hour



Online sales doubled compared with H1 2020.



Company was positioned and prepared for growth in 2021, anticipated and scaled down in cost during Q1 lockdown. Resulting in better performance in Q2 compared to Q2 2020.

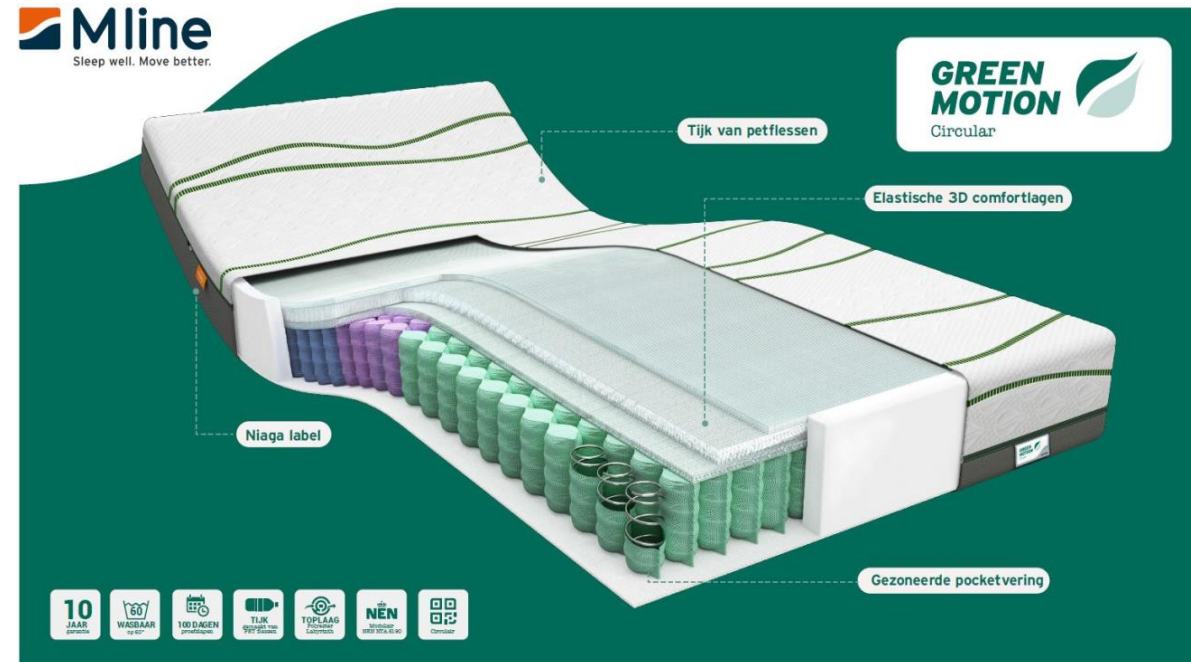


Higher YTD inventory level because of:

1. original planning without lockdown;
2. higher stock related to longer supply chains;
3. forward buys to avoid commodity increases.

Solid business development and performance for DBC in H1...

- ✓ M line shows strong performance in Benelux retail (Beter Bed and independent retailers)
- ✓ Agreements made during lockdown started implementation – generating strong international wholesale growth.
- ✓ B2B develops especially well in leisure and hospitality.
- ✓ M line Online, started '20, shows continuous growth. Further acceleration planned as part of the strategic direction.
- ✓ Entered into a new sports partnership with AFC AJAX for 4 years.
- ✓ Launched Iconic product range (complimentary to M line) with positive momentum.
- ✓ Sustainable product developments well underway, launch expected in Q3 '21.



Swedish operations divested 30 June (econ) and 8 July legally...



- H1 '21 operations financially improved despite COVID-19 disruptions.
- Within our strategy Nordic operations did not rank as a top priority.
The 3 priorities were: (1) Benelux Offline, (2) Online & Digital & (3) New business via DBC and subscription.
- An opportunity to sell the operations came by through the interest of the Lars Larsen Group.
- Assets, human capital and supplier relations were sold to Sengespecialisten, a subsidiary of Lars Larsen Group.
- BBH will wind up the empty legal entities so that we can leverage the “liquidation loss scheme” in the Netherlands.
- Financial details were agreed not to be disclosed at this point in time however the deal will result in a book profit in H2.
- A big compliment needs to be made to the local team who have made a significant recovery over the last 18 months and we wish them all the best under the new ownership.

Development of CSR strategy...



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Key figures H1 2021

H1 2021 vs. H1 2020 figures

BBH GROUP*		BENELUX	NEW BUSINESS*
Revenue	97.2 mEUR +0.6%	LFL order intake growth	-3.9%
			76.5%
Gross margin	55.9% +2.4%pt	Revenue	91.1 mEUR -1.3%
			6.1 mEUR +40.8%
EBIT	3.7 mEUR -1.1mEUR	Online channel share	34.0%
			13.3%
EBITDA**	13.7 mEUR -1.1mEUR		
Free Cash Flow***	4.4 mEUR		
Net cash / (Net debt)****	22.3 mEUR		

*) Continuing operations

**) EBITDA is EBIT plus depreciation of PPE, amortisation of intangible fixed assets and depreciation on right-of-use assets arising from lease agreements

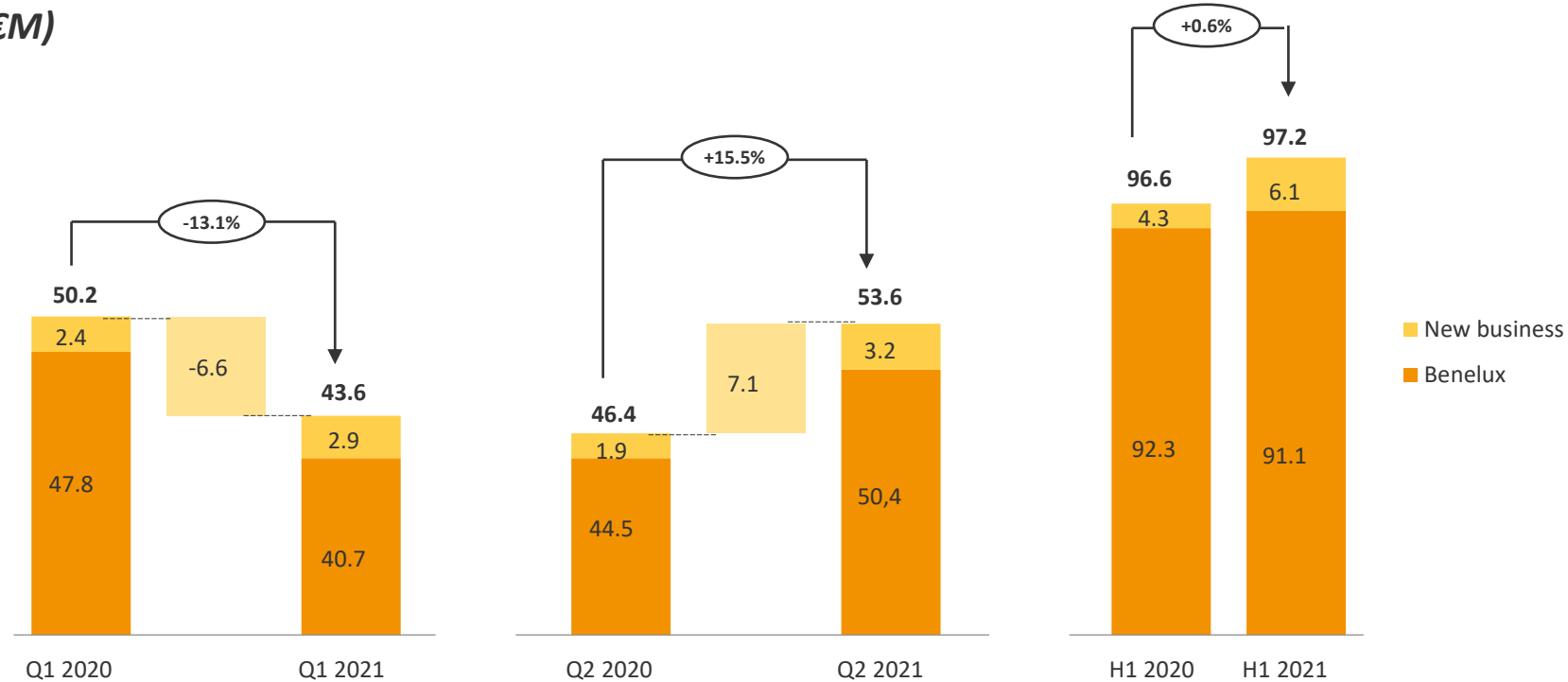
***) Free cash flow is cash from operating activities less investments/sale of PPE and intangible assets, and less payments of lease liabilities and less interest paid

****) Net debt represents cash and cash equivalents less current and non-current financial liabilities

H1 sales* increased by 0.6% to €97.2M despite mandatory lockdown

Total sales* (in €M)

H1 2021 vs. H1 2020

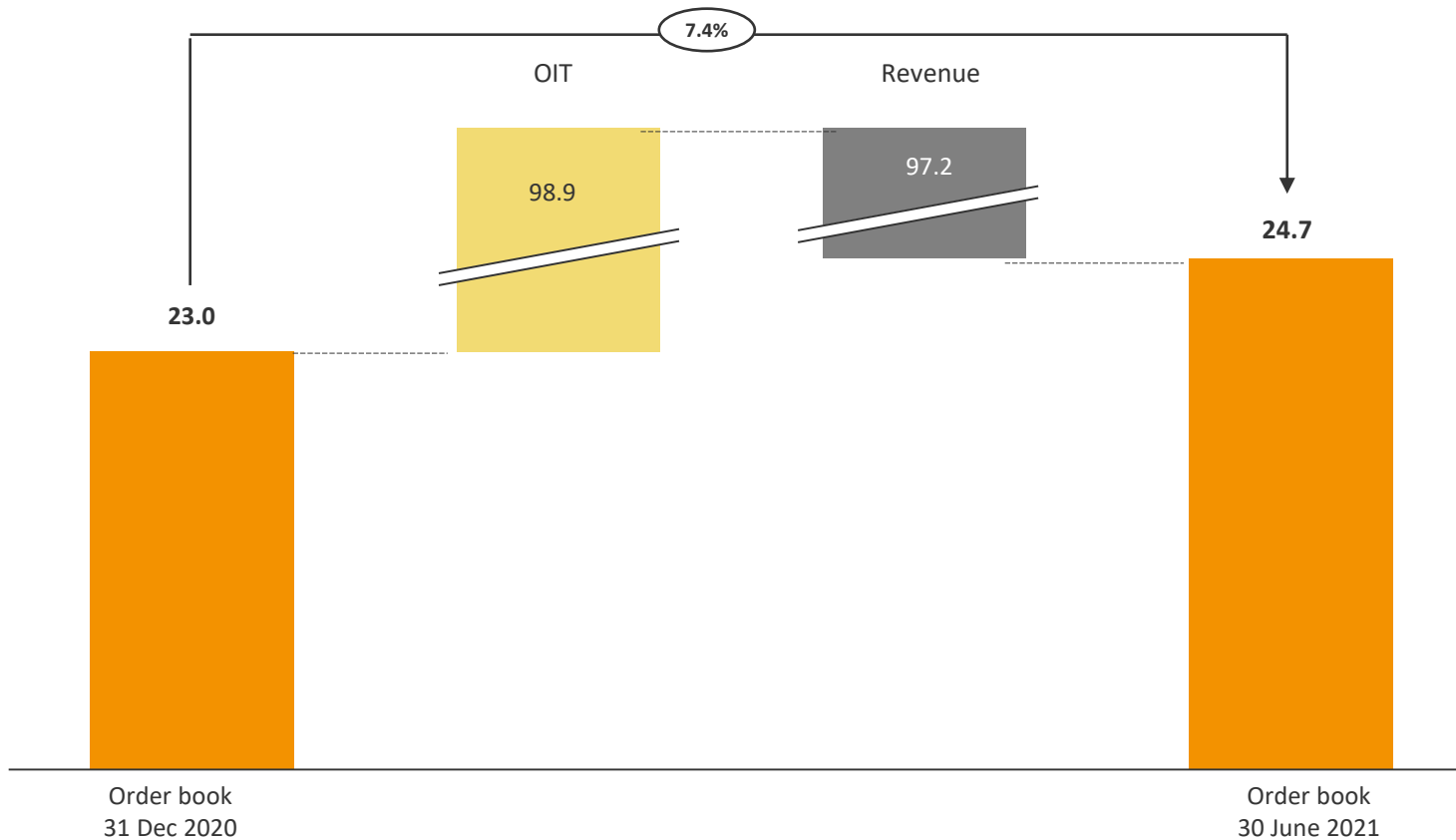


Q2 sales growth amounted to 15.5% with Benelux growing 14.2% LFL and New Business 69.6% LFL

Order book increased by 7.4% to €24.7M

Order book* (in €M)

30 June 2021 vs. 31 Dec 2020



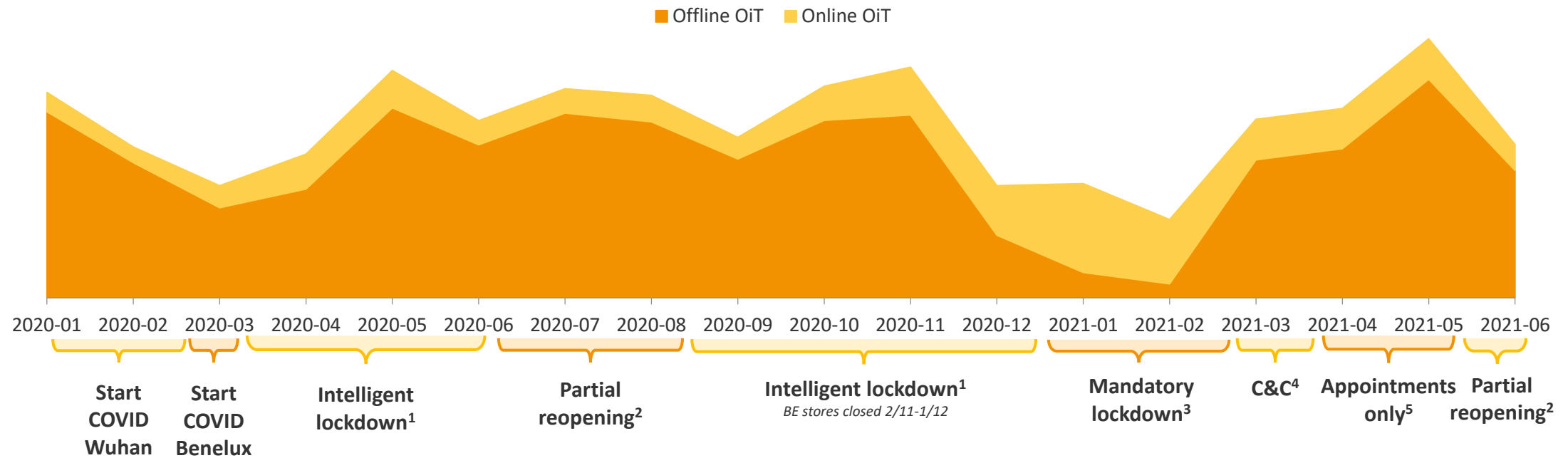
The order book has recovered from the mandatory store closure in Q1.

Overall order book growth of 7.4% over H1 2021.

Offline and online OiT throughout the COVID-19 pandemic

Offline and online order intake*

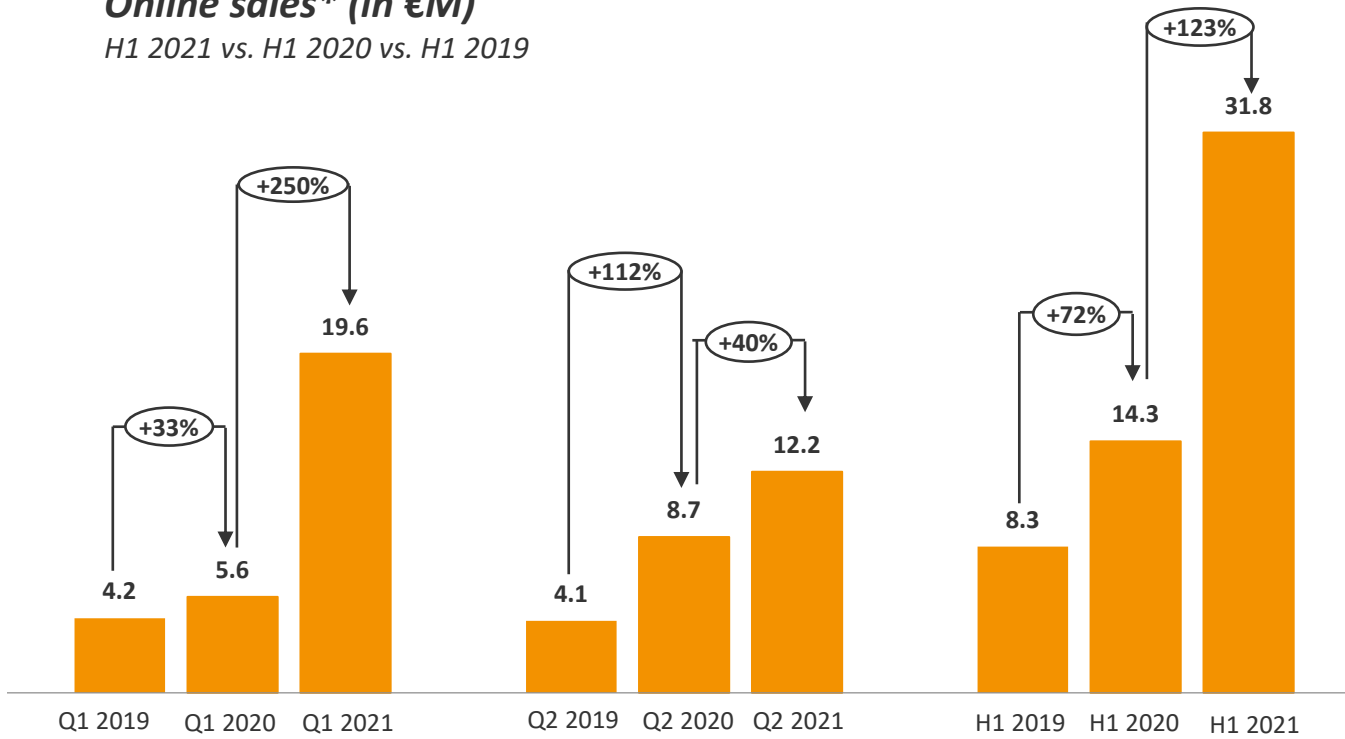
Jan 2020 to June 2021



- 1) **Intelligent lockdown:** 1.5 meter rule in stores combined with a maximum number of customers per location
- 2) **Partial reopening:** 1.5 meter rule is the standard, but without a maximum number of customers per location
- 3) **Mandatory lockdown:** Mandatory store closure
- 4) **C&C:** Click and collect
- 5) **Appointments only:** A limited number of customers were allowed in the store on a previously set appointment

Online sales has grown 123% leading to channel share of 30.9% in H1

Online sales* (in €M)
H1 2021 vs. H1 2020 vs. H1 2019



Partly driven by the lockdown, the online sales developments highlight the success of our digital acceleration.



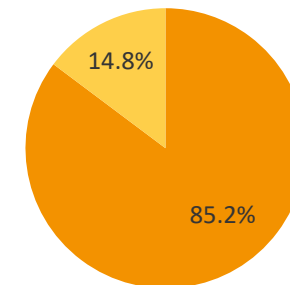
Accelerated shift to online



Temporary stores closures due to lockdown

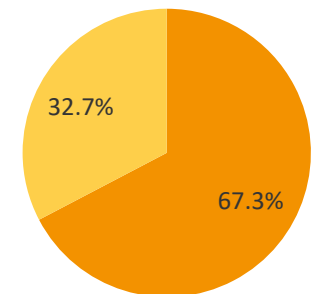
H1 2020

Offline sales Online sales



H1 2021

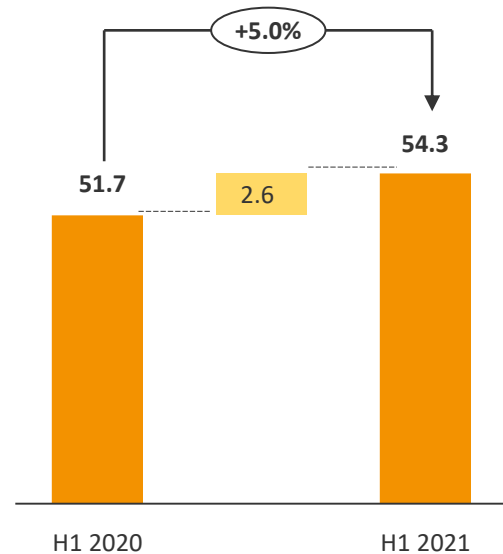
Offline sales Online sales



Gross profit vs. operating costs

Gross profit (in €M)

H1 2021 vs. H1 2020



As % of rev.

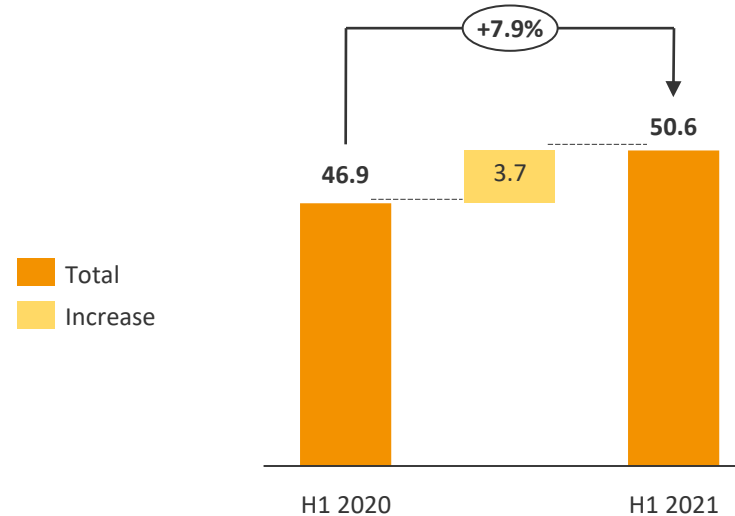
53.5%

55.9%



Operating costs (in €M)

H1 2021 vs. H1 2020



As % of rev.

48.5%

52.1%



As % of OIT

47.0%

51.1%



Key notes:

- Gross profit for H1 2021 increased by 5.0% to €54.3M
- Operating expenses up by €3.7M mainly driven by higher marketing investment to grow the online and offline order intake and due to the higher logistic costs

Operating costs

Operating costs* (in €M)

H1 2021 vs. H1 2020

	H1 2021	H1 2020	Delta in %
Personnel expenses	21.7	21.0	3.3%
Depreciation, amortisation and impairment	10.0	10.0	-
Other operating expenses			
<i>Sales and marketing expenses</i>	9.3	6.4	45.3%
<i>Warehouse and logistic expenses</i>	3.8	2.9	31.0%
<i>Other operating expenses</i>	5.8	6.6	-12.1%
Total operating expenses	50.6	46.9	7.9%

The higher operational expenses compared to H1 2020 are a direct effect of the mandatory store closures in Q1.

Where the offline channel costs remained stable, extra costs were made in driving the online sales.

Offline sales



Continued payment of salaries of store employees that were not allowed to work due to the mandatory store closures.



Continued fixed overhead and logistics costs.



Higher logistics costs due to the rent of 2 temporary warehouses to store excess stock.

Online sales



Higher marketing expenses to drive online sales whilst the offline stores were closed.

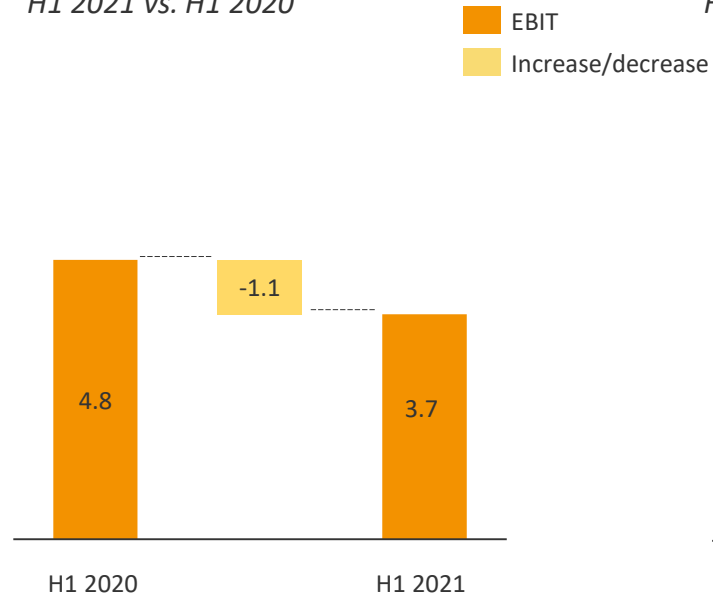


Higher incremental logistics costs associated with higher online order intake.

EBIT of €3.7M leading to net profit of €4.1M

Group EBIT (in €M)

H1 2021 vs. H1 2020



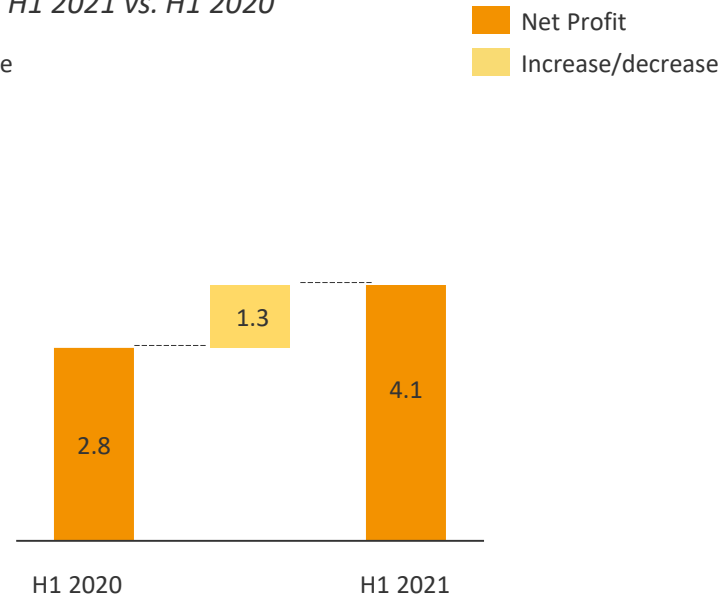
5.0%

As % of rev.

3.8%

Group net profit (in €M)

H1 2021 vs. H1 2020



2.9%

As % of rev.

4.2%

EBIT (k€)	3,708
Finance costs (k€)	-377
Profit before taxation (k€)	3,331
Income tax (k€)	742
Net profit (k€)	4,073

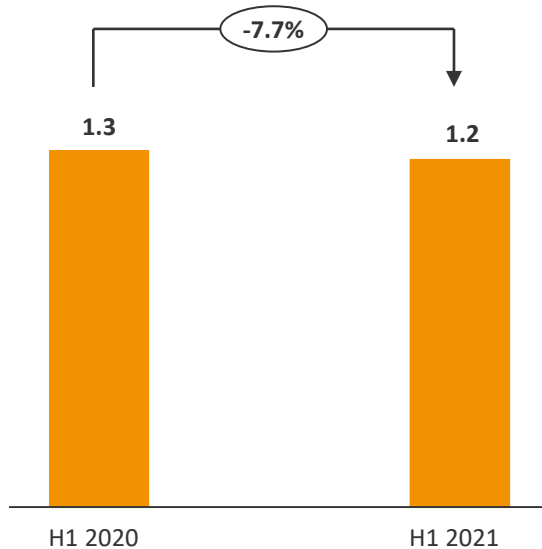
Average number of shares outstanding 26,240,397

EPS* (€) **0.16**

CAPEX

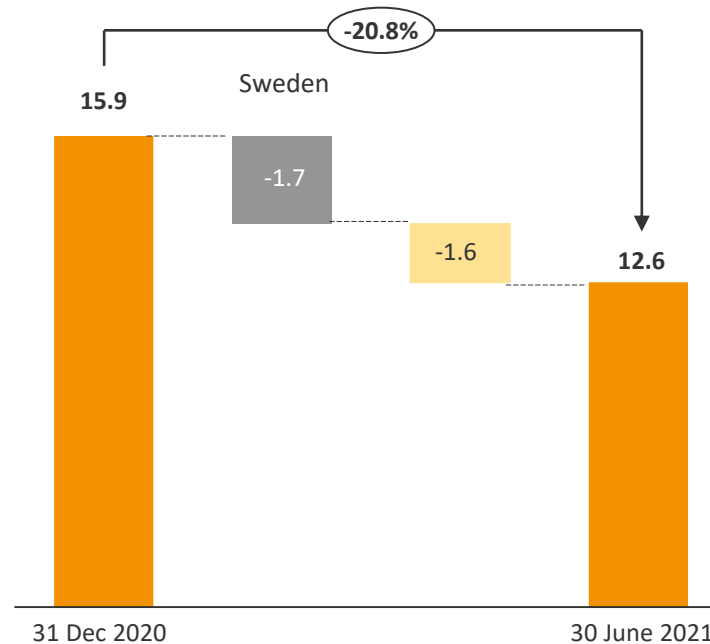
CAPEX (in €M)

H1 2021 vs. H1 2020



Net fixed assets* (in €M)

H1 2021 vs. H1 2020



Key notes:

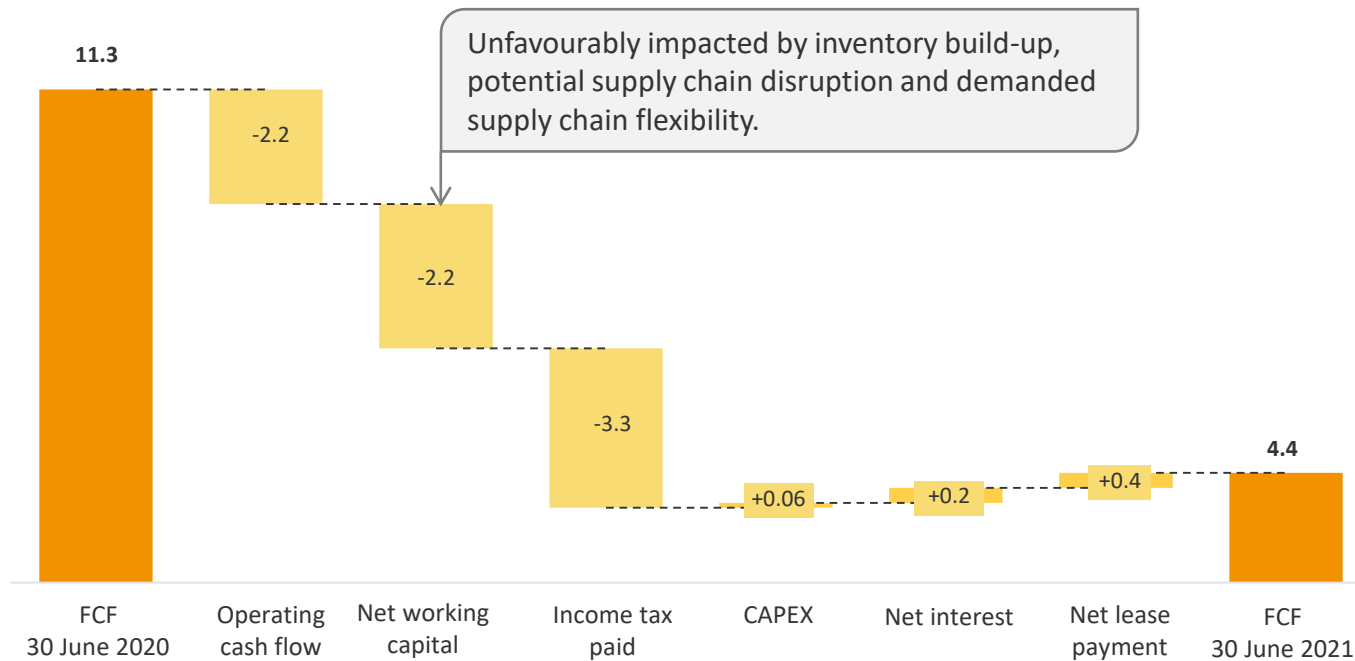
- CAPEX rationalised due to mandatory lockdown
- Investments include further optimisation in IT infrastructure and leasehold improvements in the stores

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

H1 2021 Cash Flow Bridge

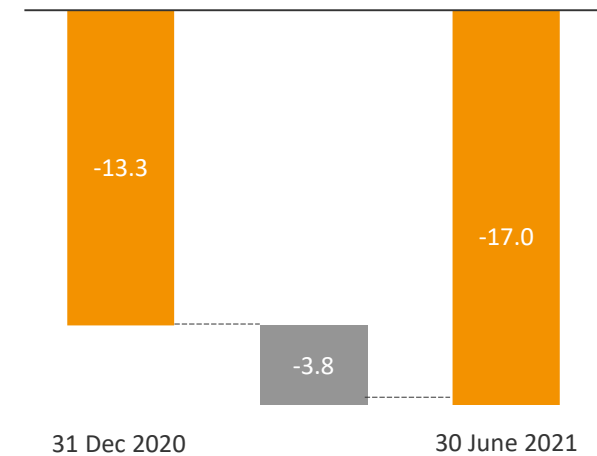
Cash flow bridge* (in €M)

30 June 2021 vs. 30 June 2020



Net working capital* (in €M)

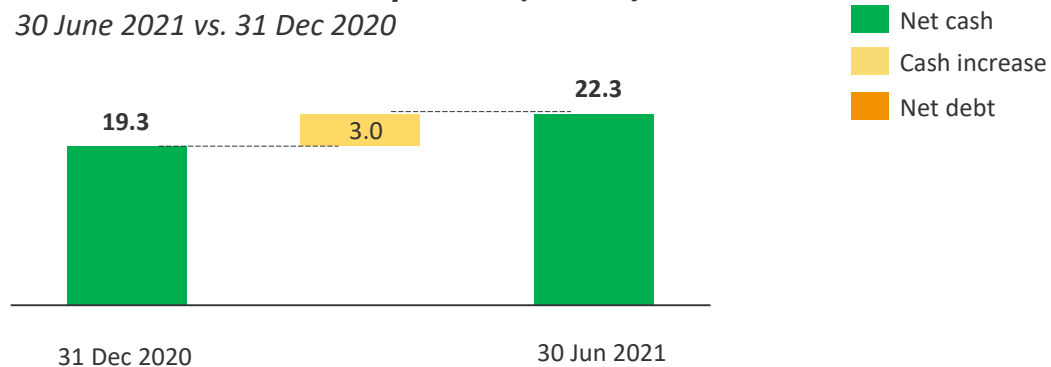
30 June 2021 vs. 31 Dec 2020



Net debt development

Net cash/debt development (in €M)

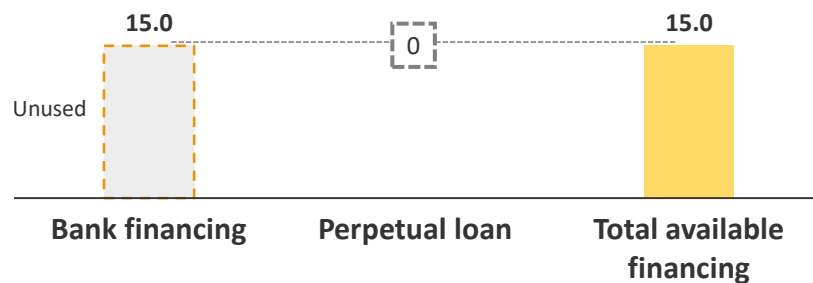
30 June 2021 vs. 31 Dec 2020



Key notes:

- Financial position further strengthened
- Clears the way to present a revised dividend policy subject to final shareholder approval

Financing structure (in €M)



Bank financing

New financing agreement with ABN AMRO of €15M for a period of three years with the possibility to extend for another two years

Perpetual loan

Perpetual loan of € 4.0M repaid in cash; in near term intend to remediate impact on solvency

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Slaapkoppen

willen weer
'echt' winkelen



Beter slapen, beter leven

BetterBed
holding



Q&A