



**Sleep better, live better.**

2021 Annual Results





# Agenda

**2021 Business**

**John Kruijssen**

2021 Financials

Gabrielle Reijnen

2022 Outlook

John Kruijssen

Q&A

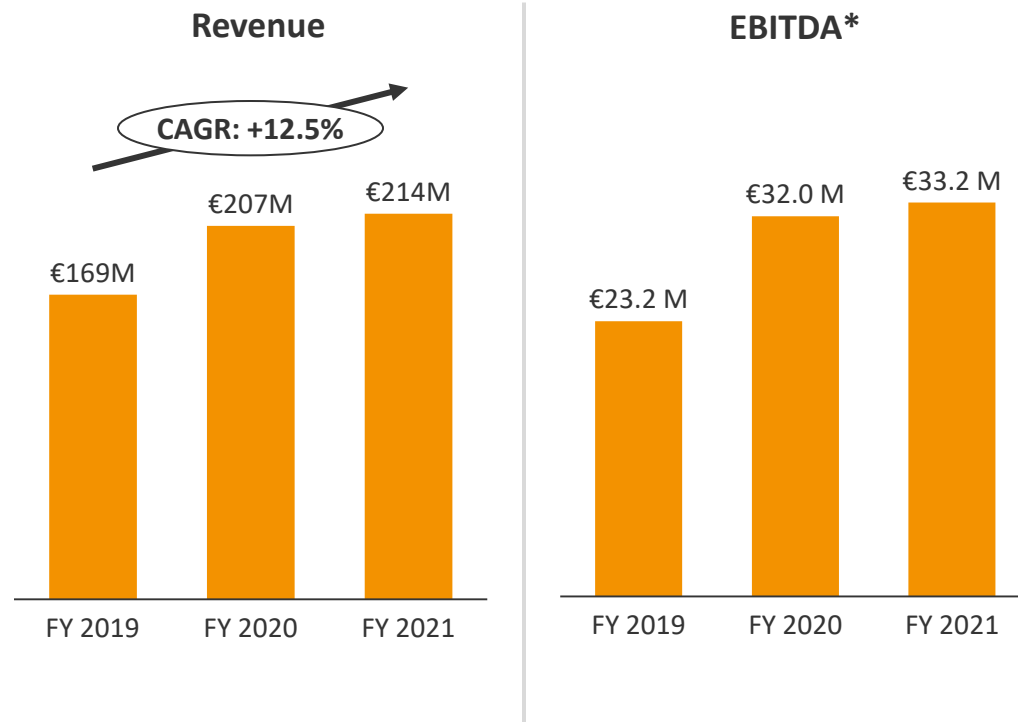


# Strong commercial & financial performance with excellent net result

- Total net result was a profit of € 13.9 million compared to € 7.9 million profit in 2020
- Online growth for the group of 55.9% resulting in 23.4% online channel share
- A compound annual growth rate (CAGR) over FY 2019 to FY 2021 of 12.5% in both sales and order intake is achieved.
- Company showed resilience and adaptability despite COVID-19 lock-down impact, resulting in a solid 2.4% overall growth of order intake and leading to a record level order book of € 25.3 million (up 10.1% vs. 31 December 2020).
- Strong performance from DBC with year-on-year revenue growth of 54.0%.
- Successful divestment of Sängjätten for a total proceed of € 4.2 million and the ability to focus on core Benelux and DBC Markets.
- Significant improvement financial position as a result of operational performance, repayment perpetual loan positively offset by the issuance of 946,167 ordinary shares and new three year financing agreement.
- 2025 strategy well underway with launch of Beter Bed Experience Store, LUNEXT, Leazzzy, e-DC, fully integrated sustainability strategy.
- Strong cash position at year-end 2021 of € 38.0 million (€ 19.3 million at year-end 2020).
- Consequently BBH proposes a cash dividend of € 0.15 per ordinary share for the financial year 2021.

# Order intake and sales showing strong growth

## Core BBH financials



\*) EBITDA is EBIT plus depreciation of PPE, depreciation of right-of-use assets and amortisation of intangible fixed assets. Comparative years have been adjusted to represent continuing operations.

## Benelux



Order Intake  
+ 0.2% LFL



Revenue  
+ 0.9%



Stores  
134



FTE  
917

## New business



Order Intake  
+ 50.4% LFL



Revenue  
+ 54.0%



FTE  
20

# Our strategic avenues for growth





# Case Video Beter Bed Experience store in Groningen



# First piloted success factors will be rolled out in store network



- ✓ Beter Bed Experience Store in Groningen as test & learn centre.
- ✓ Data-driven insights are used to roll out success factors in the rest of our store network.
- ✓ Beter Slapen ID is helping customers with independent and data-driven sleep advice resulting in awareness about importance of sleep and higher average ticket value.
- ✓ Enhancing look & feel of our existing store network has started.



- Newly introduced B Bright bedding and box spring range is being rolled out into store network as of March 2022

# Digital sales and activities are accelerated by LUNEXT



LUNEXT launched, to build specific disciplines and run the operation in an agile way with a true scale-up mentality.



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



Several investments made in optimising the digital platform and **improving online customer journeys** (new homepage, guided selling, payment methods).



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



As part of **3<sup>rd</sup> Party Marketplaces growth strategy**, start selling at Amazon



**e-DC of over 11,000 m2**, taking an important step in increasing the scalability and future-proofing the supply chain for online growth

Traffic



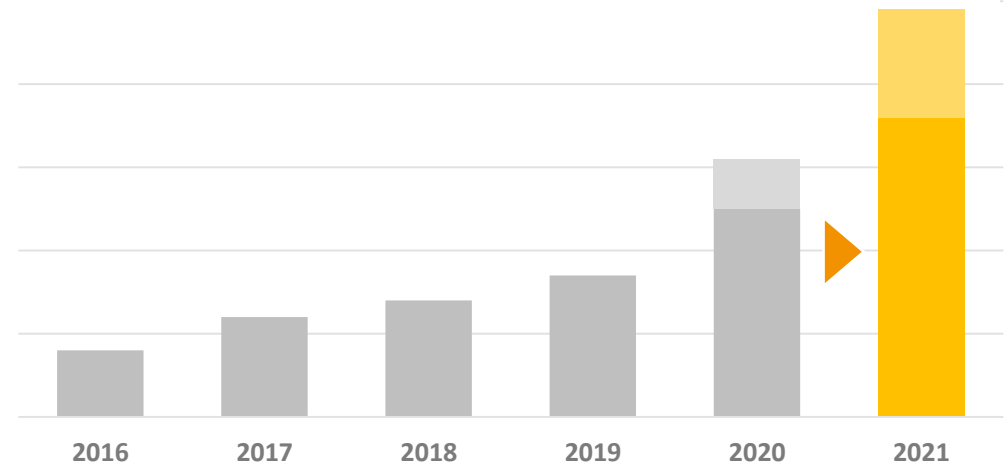
Conversion



AOV



## Significant gain in online sales in 2021



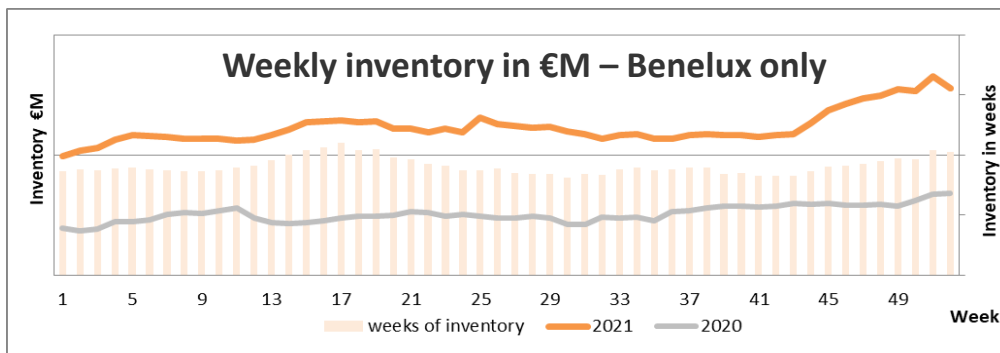
\* The impact of the store closures in 2020 and 2021 on online sales is indicatively shown.



# More forward-looking sourcing and efficient supply chain

## Sourcing

- ✓ **More competitive COGS through should costing**
  - Transparency in Bill of Material
  - Smarter product development
- ✓ **Category Management focus to increase gross margin**
  - B Bright modular mattress concept
  - Dynamic pricing strategy
- ✓ **COVID-19 disruptions were mitigated** and supply was safeguarded by increasing stock levels:



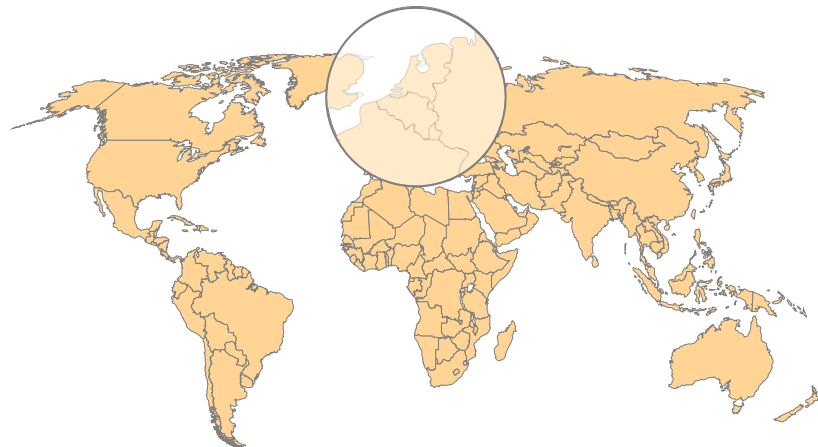
## Supply chain - constant service without disruption

- Deliveries in 2021 were phased much more gradual over the year. Covid-19 and lockdown impact was managed in Supply Chain without major disruption.
- Customers deliveries increased by +1% in 2021.
- New Web fulfilment DC opened in Q4 to facilitate growth of online business. Online volume grew by 42% in 2021.
- Logistics cost as % of sales on same level as 2020.

# DBC records its strongest year in history

## M line

- ✓ Strong double-digit growth in the Netherlands through Beter Bed, dealers and Online
- ✓ Evaluated & concluded M line brand to further leverage the strong brand awareness and brand positioning
- ✓ Signed new sponsor contract with AFC Ajax and continued existing contracts with Jumbo – Visma and NOC-NSF
- ✓ M line brand store launched



## Innovation & New Business

- ✓ Successful introduction of Green Motion, Iconic mattresses and new box springs
- ✓ Expanding internationally in Germany, Austria, France through new dealers.
- ✓ Expansion in B2B hospitality channel



# Leazzzy proposition continuous development



Subscription via  
monthly payments



Additional sleep  
quality improvement  
services



Sustainable disposal  
or socially responsible  
re-usage



Long-term, dynamic  
customer relations



Omni-channel  
customer journey

## Upcoming features

Expanding with **new product ranges** to cater the increasing market demand for subscriptions

Introduction of **additional services** in addition to standard included services

Addition of a **completely circular product range**

Offering **additional customer service channels**

Increasing sales channels by making Leazzzy **available in all Beter Bed stores in NL**



# Sustainability



## CSR strategy

- Promise, People, Product
- Fully incorporated in Sleep better, live better strategy

## Product innovation

- Circular product development
- Modular B Bright collection

## Responsible operations

- Towards CO<sub>2</sub> neutral
- 93% of waste recycled

## CSR People

- 81% of suppliers signed code of conduct
- Supplier audits on code of conduct in Q2 2022

## CSR Scorecard

- 15% more sustainable products in 2021
- 10.8% mattresses returned for recycling

# Our purpose

As part of our strategy, we developed **our purpose**, that encapsulates the spirit of our mission in a simple and customer-friendly way:

## Sleep better, live better.



Importance  
of sleep



Relevance  
sleep domain

# Our strategic objectives as per our Sleep better, live better purpose



**1. Raise awareness about sleep as the third pillar of health**

**2. Become a brand of choice**

**3. Become an employer of choice**



# 1. Raise awareness about sleep as the third pillar of health



**Beter Slapen ID**



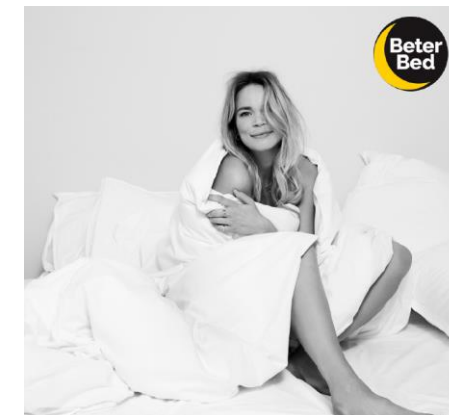
**Partnerships with sleep scientists**



**Sleep event in September**



**Thought leadership in sleep domain**



## 2. Become a brand of choice

**Distinctive brands positioned well to address a broad range of customers:**



- Market leading sleep specialist, personal advice at excellent value for money



- Offers no-nonsense good sleep at the lowest possible price



- Premium quality sleep to help 'athletes' with faster recovery of body and mind

## 2. Become a brand of choice – Peter de Beter Bed-weter





### 3. Become an employer of choice



#### BBH as employer

- Purpose that resonates
- New onboarding programme
- Employees as ambassadors

#### Leadership structure

- Forming of the Group Leadership Team
- Succession planning & training programme

#### Learning & development

- In-house academy with more than 850 online training modules
- 13,918 completed trainings in 2021

#### Inclusive workplace

- Employee engagement survey
- 44% women

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# Key figures FY 2021

*FY 2021 vs FY 2020 figures (continuing operations)*

BBH GROUP		BENELUX	NEW BUSINESS
Revenue	<b>214.2</b> mEUR +3.3%	LFL order intake growth	<b>0.2%</b>
Gross margin	<b>55.1%</b> 0.0%pt		LFL order intake growth <b>50.4%</b>
EBITDA	<b>33.2</b> mEUR +1.2mEUR	Revenue	<b>200.0</b> mEUR +0.9%
EBIT	<b>14.8</b> mEUR +0.9mEUR		Revenue <b>14.2</b> mEUR +54.0%
Free Cash Flow	<b>16.2</b> mEUR	Online channel share	<b>24.1%</b>
Net Cash	<b>38.0</b> mEUR		Online channel share <b>13.1%</b>
Online channel share	<b>23.4%</b>		

*\*) EBITDA is EBIT plus depreciation of PPE, depreciation of right-of-use assets and amortisation of intangible fixed assets.*

*\*\*) Free cash flow is cash from operating activities less investments/sale of PPE (including sale-and-leaseback and divestment of Swedish operations) and intangible assets, and less payments of lease liabilities and less interest paid.*

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

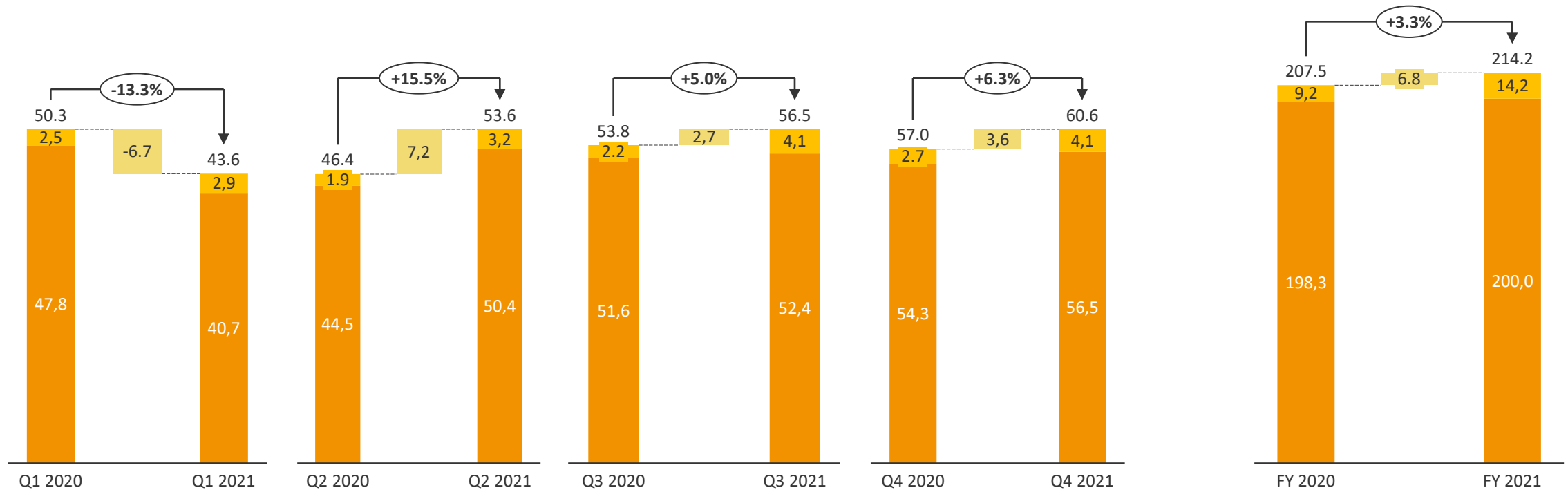


# Revenue increased 3.3% to € 214.2M despite temporary store closures

## Revenue development (in €M)

FY 2021 vs. FY 2020

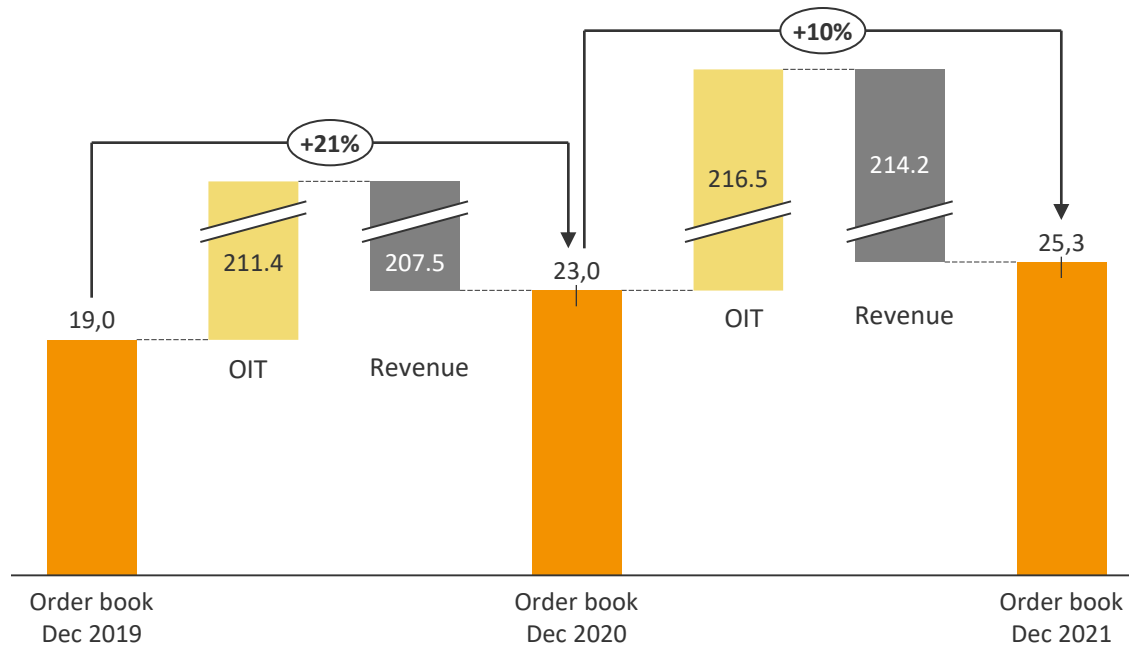
■ New business  
■ Benelux  
■ Increase/decrease



# OiT growth leads to record level order book of € 25.3M

## Order book development (in €M)

FY 2021 vs. FY 2020 vs. FY 2019

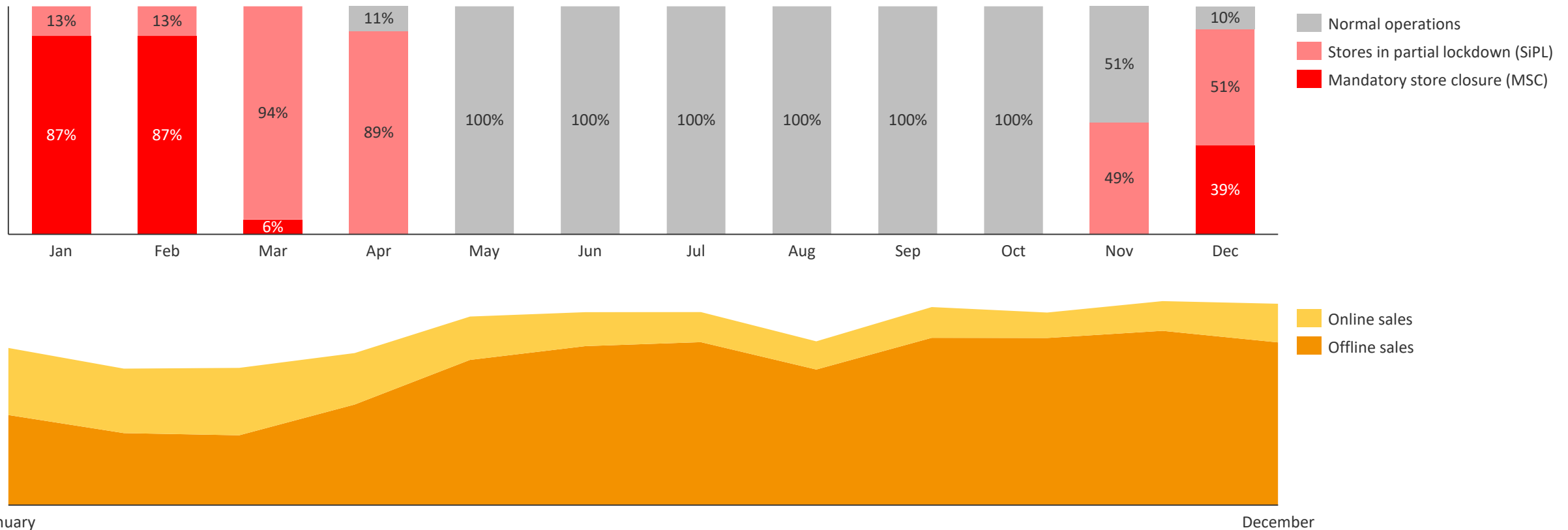


The order book has recovered from the mandatory store closure in Q1.

Overall order book growth of 10.1% over FY 2021.

# Offline and online OiT throughout the COVID-19 pandemic

FY 2021

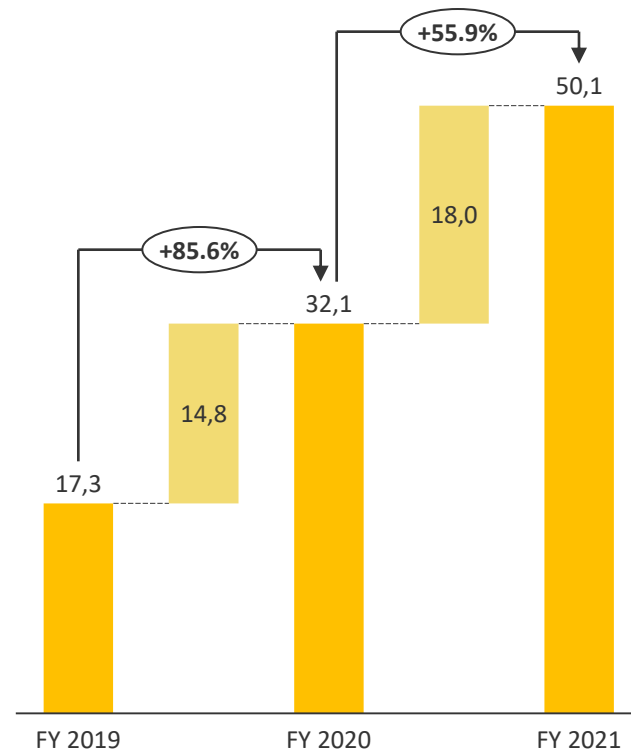




# Online sales up 55.9% leading to channel share of 23.4%

## Online sales\* (in €M)

FY 2021 vs. FY 2020 vs. FY 2019



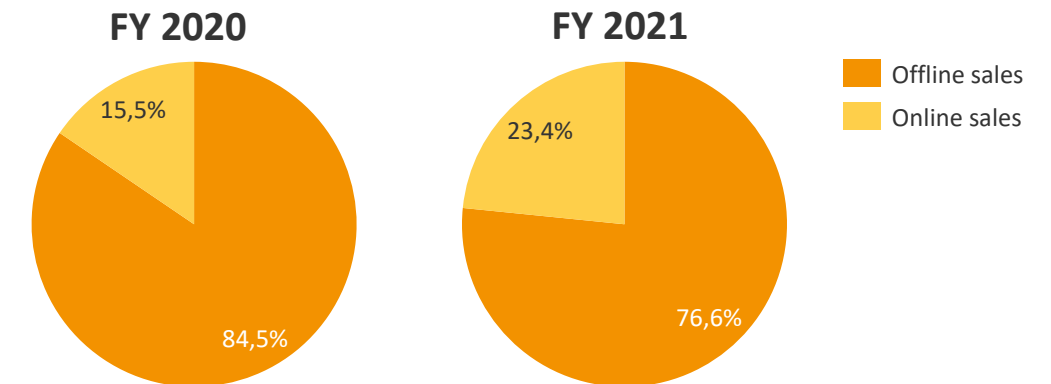
Partly driven by the lockdown, the online sales developments highlight the success of our digital acceleration.



Accelerated shift to online



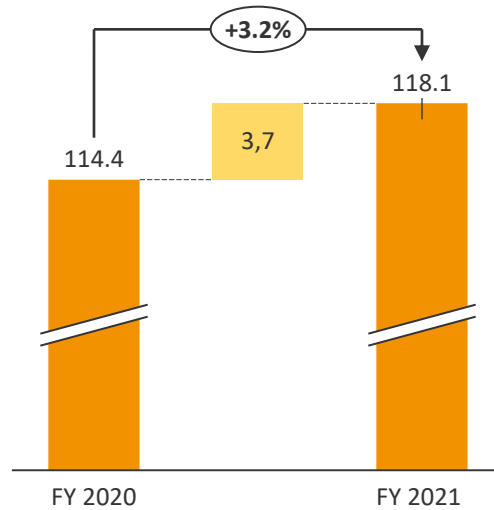
Temporary stores closures due to lockdown



# Gross profit vs operating costs

## Gross profit

FY 2021 vs. FY 2020



As % of rev.

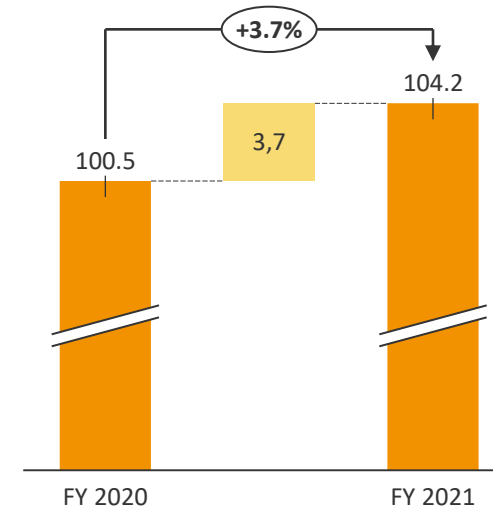
55.1%

55.1%



## Operating costs (in €M)

FY 2021 vs. FY 2020



As % of rev.

48.4%

48.6%



As % of OIT

47.5%

48.1%



# Operating costs

## Operating costs (in €M)

FY 2021 vs. FY 2020

	FY 2020	FY 2021	Delta in %
Personnel expenses	43.6	43.9	0.7%
Depreciation, amortisation and impairment	18.1	18.4	1.7%
Other operating expenses			
<i>Sales and marketing expenses</i>	14.3	18.2	27.3%
<i>Warehousing and logistics expenses</i>	7.3	8.3	13.7%
<i>Other operating expenses</i>	17.2	15.4	-10.5%
<b>Total operating expenses</b>	<b>100.5</b>	<b>104.2</b>	<b>3.7%</b>

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

Marketing investments were made in driving the online sales and brand campaign.

### Offline sales



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



Higher logistics costs due to tightening local labour markets and the use of temporary personnel.

### 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.



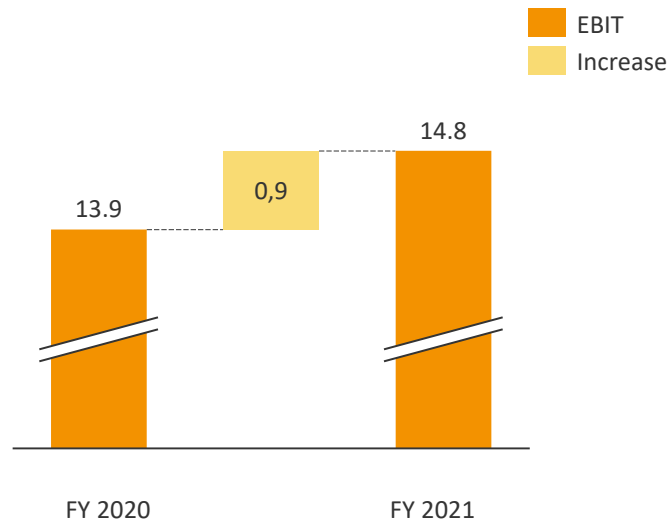
New Web fulfilment DC opened in Q4 to facilitate growth of online business



# EBIT of € 14.8M and EBITDA of € 33.2M

## EBIT from continuing operations (in €M)

FY 2021 vs. FY 2020



As % of rev.

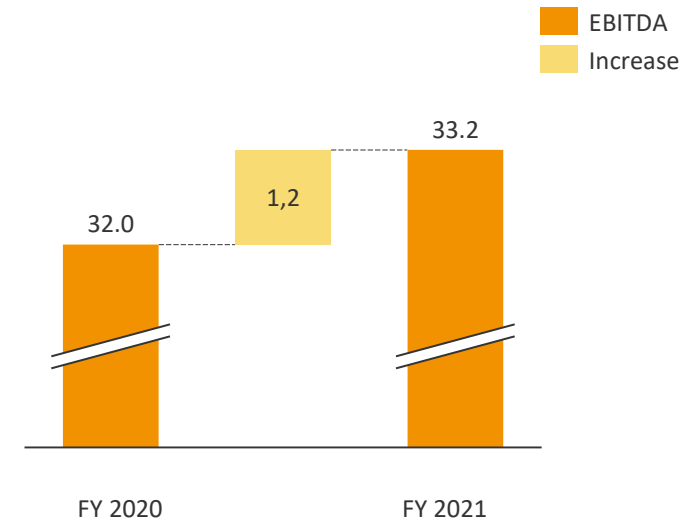
6.7%

6.9%



## EBITDA from continuing operations (in €M)

FY 2021 vs. FY 2020



As % of rev.

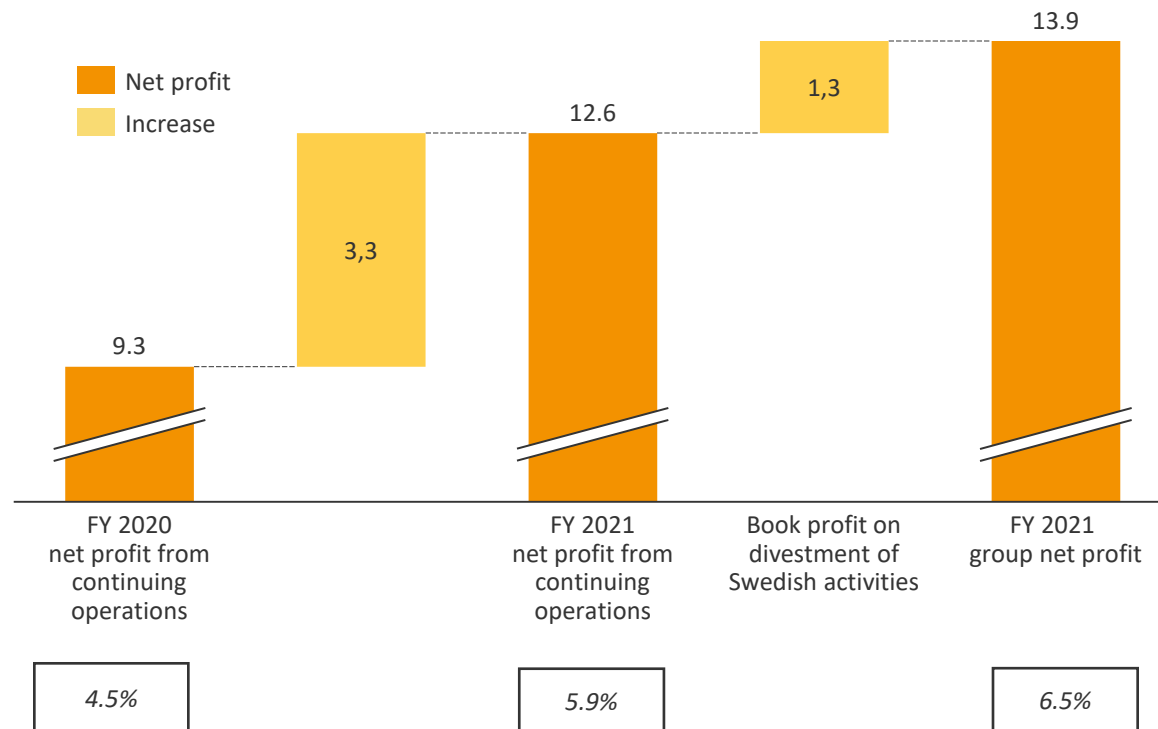
15.4%

15.5%



# Group net profit of € 13.9M

## Group net profit (in €M)



## Earnings per share (in €)

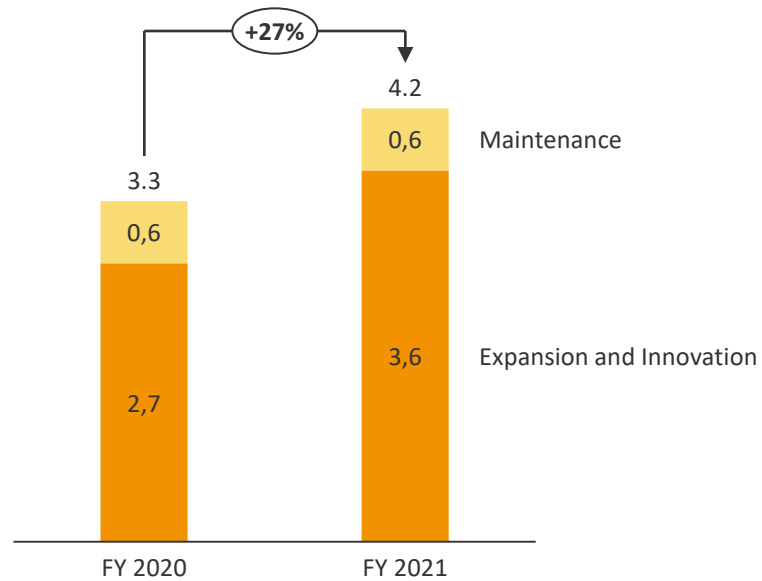
### FY 2021

Earnings per share from all operations	€ 0.52
Earnings per share from continuing operations	€ 0.47

# CAPEX

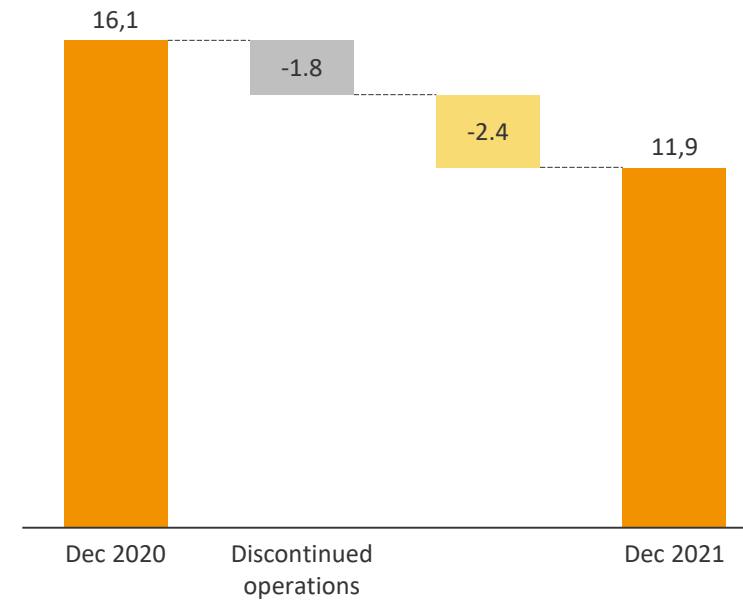
## CAPEX (in €M)

FY 2021 vs. FY 2020



## Net fixed assets\* (in €M)

FY 2021 vs. FY 2020



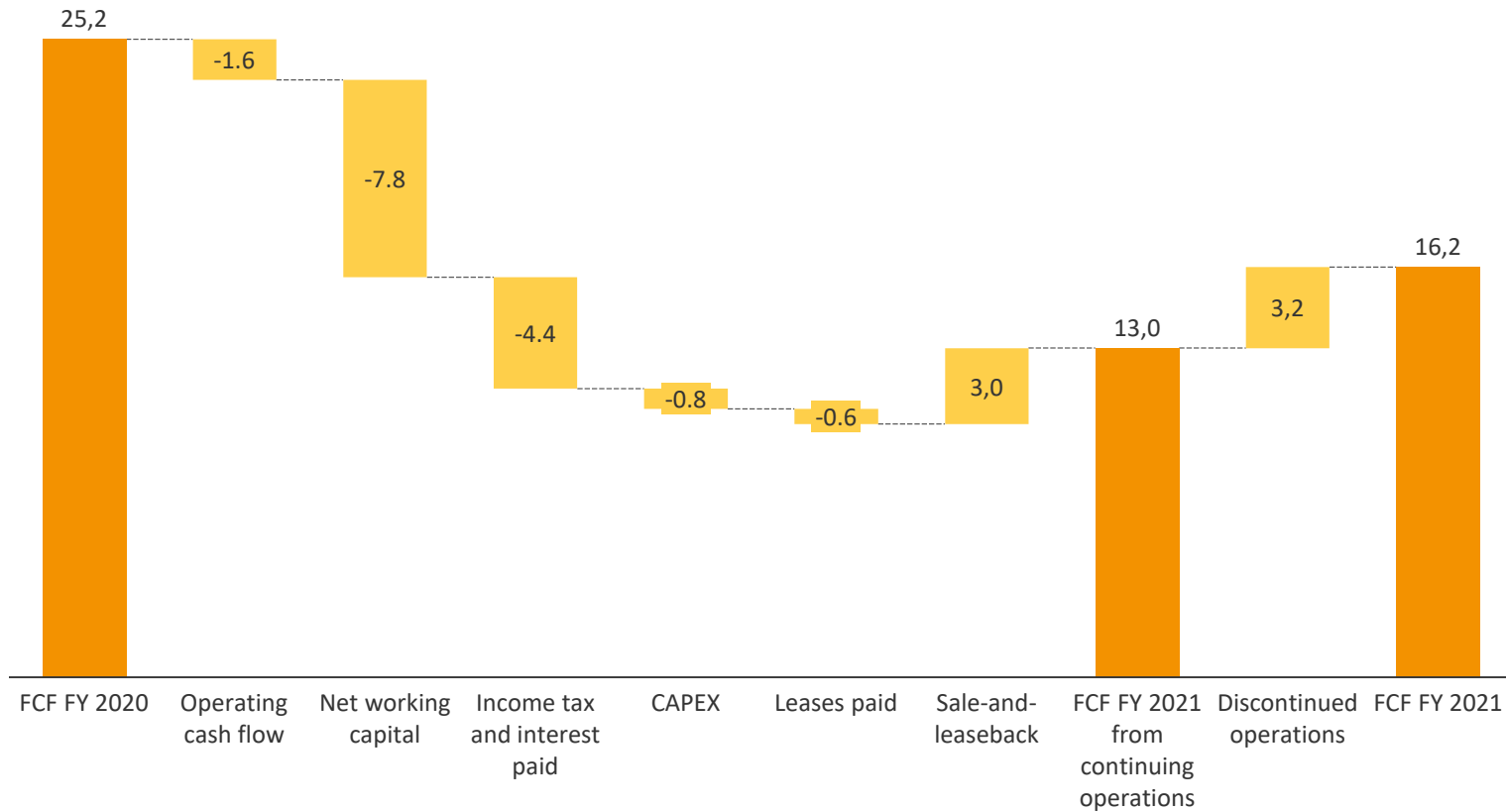
\*) Net fixed assets is defined as non-current assets less right-of-use assets less non-current lease receivables less deferred tax assets.



# Cash flow bridge and Net working capital

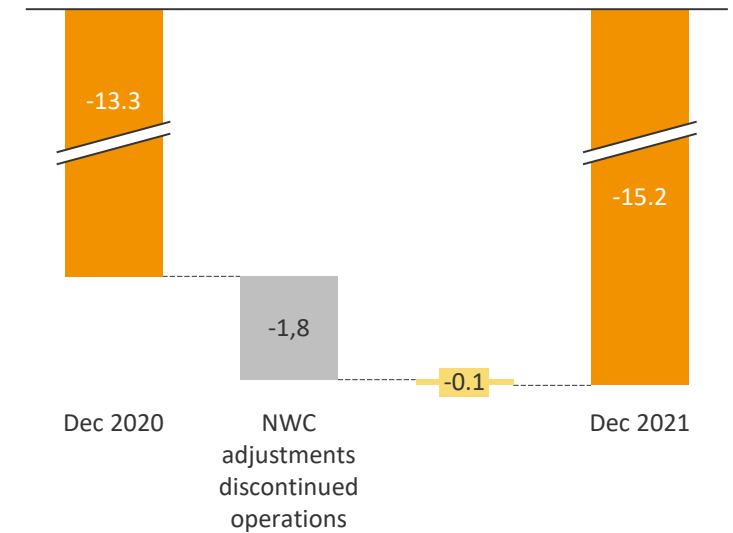
## Cash flow bridge\* (in €M)

FY 2021 vs. FY 2020



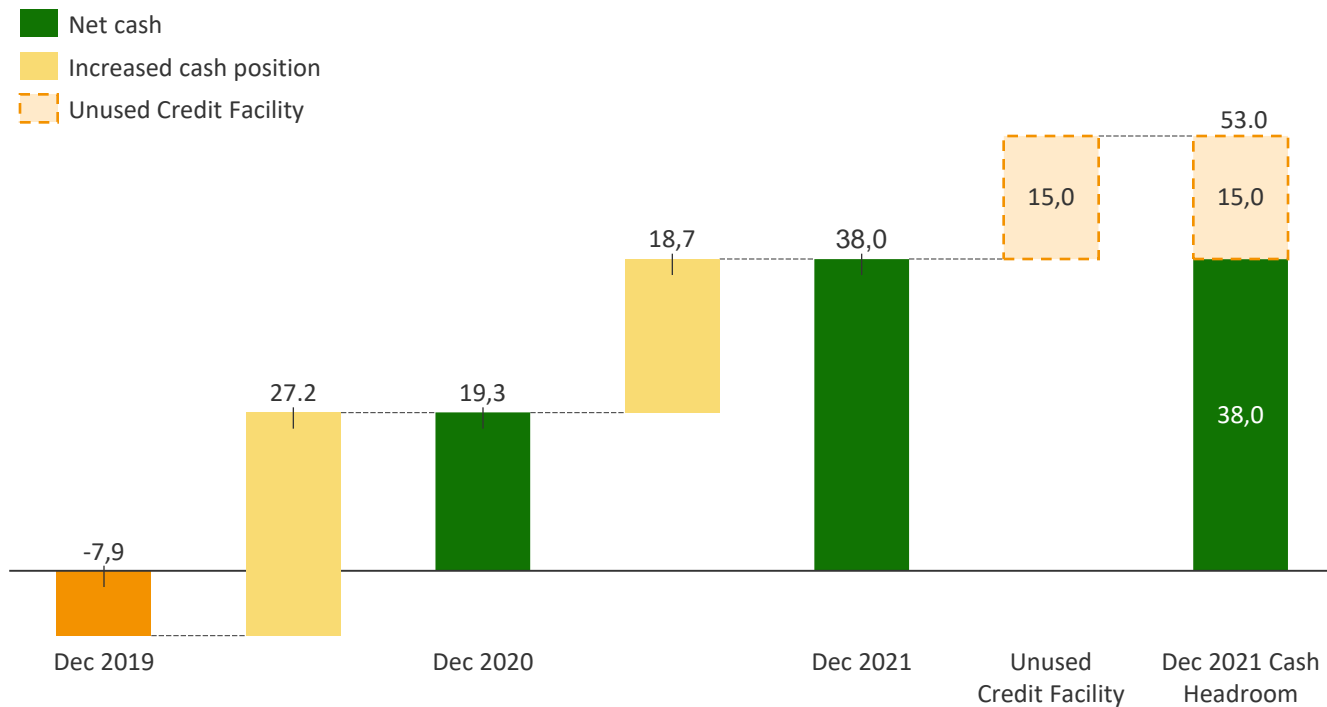
## Net working capital (in €M)

31 Dec 2021 vs. 31 Dec 2020



# Net cash development

## Net debt/cash development (in €M)



Financial position further strengthened.

Revised dividend policy and dividend proposal.

# BBH adopts new dividend policy and proposes dividend payment 2021

Company is financially sound with a strong cash position. The expected underlying cash flow enables the 2025 strategic plan to be carried out. We are happy that the Company has recovered so well that it can resume dividend payments again.

We will do this according to a newly adopted dividend policy which comprises the following elements:

- Underlying cash flow and profit allows 2025 strategy implementation
- Company meets financing agreement criteria (solvency and leverage)
- Subject to stable financial conditions, targets, dividend payout of at least 30% of normalised net profit from continuing operations

BBH proposes a cash dividend of € 0.15 per ordinary share for the 2021 financial year:

- reflecting our ambition of a sustainable growth of the dividend per share
- subject to approval of Annual General Meeting



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## 2022 Outlook

- Proud of progress 2021, evidenced by strong performance during global pandemic, continuing in Jan-Feb 2022 with high single digit growth OiT against pre-COVID in 2020.
- The uncertain geopolitical circumstances continue to concern us. However at this moment we do not experience significant direct impact on our operations.
- COVID-19 is still generating increased awareness for health and well-being.
- Confident to increase revenues in 2022.
- Gross margin expected to remain stable compared to 2021.
- EBITDA margin expected to be on track with 2025 Strategy.
- CAPEX in 2022 in line with 2025 Strategy to support accelerated revenue growth.





**Sleep better, live better.**

2021 Annual Results  
Q&A





# Disclaimer

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