



Sleep better, live better.

2021 Annual Report



Beter Bed Holding N.V. is a **leading sleep specialist** that provides **high-quality sleep** solutions & services at affordable prices to **match the unique needs** of every customer.

Our retail brands in the Netherlands and Belgium are **continuing to grow**, and we are **actively expanding** outside of the Benelux region through our successful product brands in **Europe and beyond**.



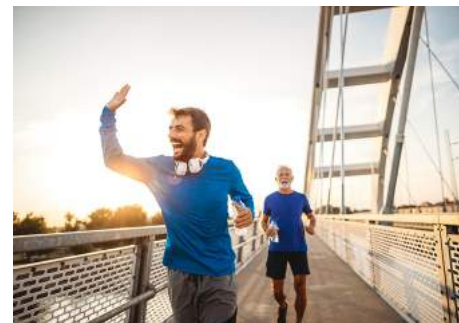
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NOTE TO THE READER

This document is the PDF/printed version of Beter Bed Holding's 2021 Annual Report and has been prepared for ease of use. The 2021 Annual Report in European Single Electronic Reporting format (the ESEF reporting package) is the official version. The ESEF reporting package is available at the Dutch Authority for the Financial Markets (AFM). In case of any discrepancies between this PDF version and the ESEF reporting package, the latter prevails.

Beter Bed Holding at a glance

A man with a beard and a young girl are sitting at a wooden table in a kitchen, looking at a laptop screen. The man is holding the girl's hands near his face, and she is smiling. On the table, there is a calculator, some papers, and a green mug.

**Better sleep,
better productivity.**

Financial key figures



Revenue¹ (in € million)

2021	214.2
2020	207.5

Gross margin

2021	55.1%
2020	55.1%

Online channel share

2021	23.4%
2020	15.5%

EBITDA² (in € million)

2021	33.2
2020	32.0

Free cash flow³ (in € million)

2021	16.2
2020	27.3

Net cash (/debt)⁴ (in € million)

2021	38.0
2020	19.3

¹ In 2021, our stores were not completely open due to the (intelligent) lockdown for 14 weeks. In 2020, the impact was limited to two weeks.

² EBITDA is defined as operating profit (EBIT) adjusted for depreciation and amortisation.

³ Free cash flow is defined as cash from operating activities less capital expenditures, less payments of lease liabilities and less interest paid.

⁴ Net cash (/debt) is defined as cash and cash equivalents less interest bearing debt.

Sustainability key figures



Promise

Percentage of waste recycled

2021

93%



Promise

CO₂ emissions

2021

6,237 tonnes



People

Number of training hours per FTE

2021

16 hours



People

Percentage of suppliers that signed the code of conduct

2021

81%



Product

Percentage of more sustainable products

2021

15%



Product

Percentage of mattresses returned for recycling

2021

11%

People key figures



Number of employees

2021	1,084
2020	1,124

Number of FTEs

2021	937
2020	956

Age diversity

	<30	30-50	>50
2021	32%	38%	30%
2020	36%	40%	24%

Gender diversity

Percentage of women

2021	44 %
2020	44 %

Gender diversity Supervisory Board

Percentage of women

2021	40%
2020	40%

Gender diversity Management Board

Percentage of women

2021	50%
2020	50%

CEO's statement



John Kruijssen, CEO

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

I am proud of how our organisation performed in 2021. Although the year began and concluded with temporary store closures, in numerous ways I believe we have seen the very best of our company during the second year of the global pandemic.

While our store doors were at times not open as usual; we were always open for business – successfully connecting with people in new ways, and serving our growing customer base with our innovative range of sleep solutions. This has again translated into solid financial results, which reflects the underlying strength of our strategic transformation and the popularity of our portfolio of customer-centric brands.

Our drive and ambition

At Beter Bed Holding (BBH), everything begins with our mission. We believe that the better people sleep, the happier, healthier and more productive they are. And we will not rest until everyone gets the high-quality sleep they deserve. This mission not only inspires us to be a leading innovator in the sleep domain and a trusted and sustainable partner to our customers across Europe and beyond; it also provides strategic clarity – helping shape both our decision-making in what remains a dynamic operating environment and our approach to becoming a truly sustainable organisation.

Our financial performance

In 2021, we again delivered a solid financial performance. The strategic decisions we have taken are continuing to lead to top line growth, with revenue of € 214.2 million and organic revenue growth of 3.3%. EBITDA was up 3.6%, while net profit increased by 75.1%. In our sector, order intake is of course an important indicator of future growth in our sector, and this increased by 2.4%. Our new omni-channel approach is key to establishing broader and deeper relationships with our customers and is proving successful, as demonstrated by the increase in online sales of 55.9% and a markedly higher market share in the online channel.

CEO's statement

The restricted periods this year in our largest market, the Netherlands, lasted for a total of 130 days. Given these challenging operating conditions, I consider these to be solid results and also a prelude to further growth going forward. Given the loss of income incurred due to store closures, we held back a number of investments and were prudent with operational expenditure. In 2022, we expect to ramp up investments in accordance with our 2025 Strategy.

Financially, our company is in good shape. We improved our solvency ratio to 22.2% at year-end and held a strong cash position as we entered 2022. While we have a working capital funding facility at our main bank, there was no need to use it during 2021, due to our solid results and strong cash position.

Our continued focus on growth

The clear strategy for growth that we articulated in 2021 was both ambitious and realistic, with a target to double our business in the next five years, accelerate online sales to at least 25% of Group revenue, and secure an EBITDA margin of between 16% and 19%. Central to achieving this will be our new hybrid business model, based on seamless omni-channel shopping.

I am pleased that 2021 saw the development and testing of a new Beter Bed Experience store, the first of which opened its doors in Groningen. The results of the tests have all been very positive, from footfall and average conversion rate to transaction value. What's more, it is clear from customer feedback that the tailored sleep advice provided by our sleep experts is making a real difference in terms of our approach to customer-centric engagement. Going forward, we will commence an investment programme to enhance the look & feel of our entire store network, thereby helping to showcase our innovative sleep technologies and easy-to-shop tooling.

Our ambitious online strategy

Being a leader in the digital space is vital to showcase our innovative sleep solutions, build lasting relationships with customers old and new, and learn more about how we can best serve their diverse needs. Unlocking our digital potential has been the driver behind a number of important developments across our company in 2021, as we target online sales of at least € 100 million in 2025.

Getting the right talent to apply our smart data-driven philosophy is key. To this end, we launched LUNEXT: our first ever fully digital organisation, whose team of tech, digital marketing, e-commerce and advanced analytics specialists bring a start-up mentality as they develop all of our current and future e-commerce propositions.

To continue developing our online business, LUNEXT will invest in our digital presence through our own websites, such as beterbed.nl, beddenreus.nl and mline.nl, in addition to on third-party online platforms, in both the Netherlands and our other markets.

Another first for our company was the opening of our 11,000 m² e-commerce distribution centre, which is enabling us to both serve our online customers in a swift and efficient way, and also create greater additional scalability and robustness in our online supply chain. Being able to offer a broader and deeper product range is a significant advantage, as it further improves our B2B and B2C services. This in turn creates confidence, as it enhances our already excellent relationships with our many retailers and business partners.

“Our aim is to get the very most out of our team’s combined knowledge, skills and expertise – in particular their innovative, entrepreneurial and can-do spirit.”

Our business and our team

Our new flatter management structure is made up of a single senior leadership team for the Group, combining three management layers into one. This enables us to operate in a more effective and efficient way, ensuring our team is better connected across the breadth and depth of our organisation, improving communication, enhancing the visibility of the board, shortening the decision-making process and empowering employees across our business.

Our employees are the heart and soul of our organisation. We take pride in the fact that our people have a shared passion for our purpose, and what we as a company are striving to achieve, always putting our customers’ needs and interests first. Our aim is to get the very most out of our team’s combined knowledge, skills and expertise – in particular their innovative, entrepreneurial and can-do spirit. For this reason, we are working hard to be an employer of choice and create a work environment that is diverse and inclusive, friendly and results-driven. In 2021, our employees continued to serve our customers and other stakeholders during challenging times. I would like to express my gratitude to them for the great energy and professionalism they demonstrated throughout the year.

CEO's statement

Similarly, I would like to thank our many stakeholders – from our suppliers, with whom we continue to enjoy very good long-standing relationships, to our shareholders, without whose continued confidence and support we would not be able to meet our mission. I would also like to express my appreciation to Pieter Boone, who served on our Supervisor Board until the end of 2021, for his unwavering commitment and his many contributions during his time at our company.

On a personal note, I look forward to serving another four-year term at the helm at Beter Bed Holding. I am truly proud to lead such a dedicated and talented team, and am inspired and energised by our mission and the work we undertake together.

Our commitment to a better tomorrow

As a large organisation with activities in a number of countries, we don't just understand our responsibilities for people and the planet; we are actively striving to leverage our expertise and influence to create a better tomorrow. Our 'promise, product, people' approach to sustainability is now fully integrated into all that we do. This means there is today a direct connection between decisions made in the boardroom and on the shop floor to the sustainability goals to which we have committed ourselves. This year, for instance, we made considerable progress at a product level, offering customers more sustainable products, and reduced our carbon footprint by addressing our emissions and increasing the energy efficiency of our buildings and vehicles. While all these initiatives represent change for the better, tremendous potential exists to do much more, both inside and outside our company – for instance by driving improvement across our value chain and our sector as a whole. And that is precisely what we're seeking to achieve.

Our confidence in the future

Looking ahead, I am excited about our prospects for the future. As a company, we have again proven both our resilience, emerging stronger from a global crisis, and our ability to execute our ambitious strategy while continuing to strengthen our financial base. The science behind our 'why' – *Sleep Better, live Better* – is compelling, which is reflected in increased consumer demand for sleep solutions to improve overall health and well-being. At a time when the world is truly waking up to the importance of going to sleep, we can be confident in the growth prospects for our industry, and confident that our businesses are ideally positioned to serve many new and existing customers. By capturing these opportunities, we will in turn drive both long-term sustainable growth and shareholder value.

John Kruijssen,
CEO Beter Bed Holding N.V.

Uden, the Netherlands, 10 March 2022

"Our 'promise, product, people' approach to sustainability is now fully integrated into all that we do."

Our mission

Our mission describes the very essence of our business:

We believe that the better we sleep, the happier, healthier and more productive we are. And we won't rest until everyone gets the high-quality sleep they deserve.

This goes to the very heart of what we do and why, it is the lens through which we examine challenges and opportunities, and make strategic decisions about the future.



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

Quality of sleep is under pressure

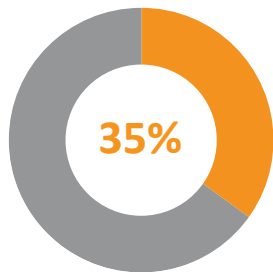


Importance
of sleep



In today's world, quality of sleep is under pressure

Hours of sleep



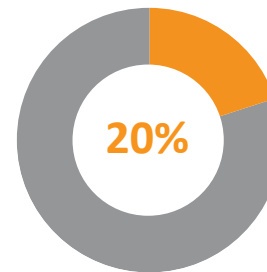
While adults need an average of seven or more hours of sleep a night for optimum health and well-being, **35% of people** get **less than six hours of sleep a night**.

Health



Insufficient sleep leads to **chronic health problems** such as diabetes, obesity, heart disease and strokes, which increase mortality rates by 13%.

Fatigue



Fatigue is the cause of driver error in 20% of road accidents. Getting sufficient sleep helps to **enhance cognitive functioning and performance**.

Productivity



Quality of sleep has a significant **impact on productivity**. In the Netherlands, productivity loss is estimated to equate to 1.5% to 3% of GDP per year. That's between € 13 and € 26 billion!

The sleep domain is more relevant than ever



Relevance
sleep domain

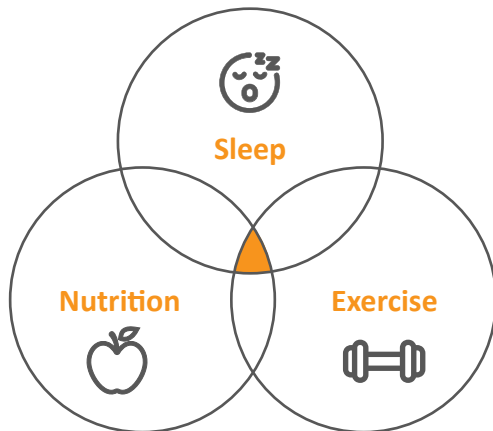


Sleep as 'third pillar of health'...

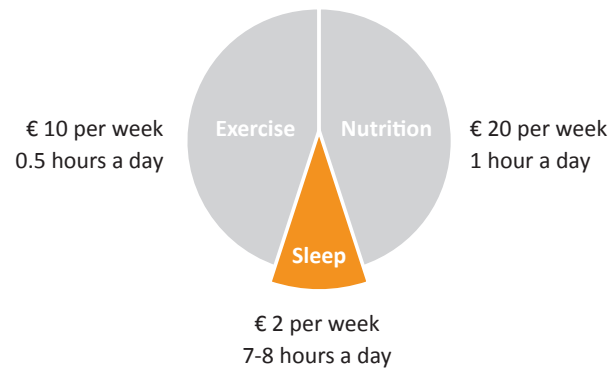
...is currently significantly undervalued
by consumers...

...and is increasingly targeted by non-traditional
tech-oriented sleep businesses.

Pillars of health



Average EUR spent and time allocated



Expected annual growth of sleep devices and health trackers



New tech-entrants in sleep,
multiple tech-giants stepping in



Trends shaping our business



Trends shaping our business

As market leader in sleep we are helping millions of people sleep better and with that we are helping them to improve their quality of life. To make sure we continue doing so the best way possible, we have identified seven trends that are impacting the way we do business today as well as in the future.

1

Omni-channel

Customer journeys are changing with transactions done anywhere anytime. Traffic numbers are decreasing, but we do see that people visit physical stores rather for experience or convenience. Therefore bricks-and-mortar retailers are rationalising their store footprint and online players seek physical presence. The format of physical stores does change along with this changing customer journey. More diverse store formats arise, for example focused on providing a richer experience or smaller stores with a more focused assortment at high-traffic locations.

2

Doubling down on digital

Companies are boosting investments in online marketing, extending digital presence and engagement. We see in the sleep market that online is there to stay, yet online-only specialists with a narrow assortment are struggling to keep up growth. They miss the assortment width and omni-channel journey required to offer a rich and complete experience and are overly dependent on costly growth drivers, like performance marketing and price while coping with higher return rates. Therefore we believe omni-channel retailers that offer the full domain of sleep will flourish.

3

From ownership to service

Across industries, consumers shift away from traditional product ownership and one-off transactions. Consumers are rather looking for pay-per-use and subscription models. In the sleep market, subscription models allow consumers to choose a sleep solution truly right for them which they otherwise could not afford. Moreover it enables for complementary services focused on further improving sleep. For retailers through such subscription models they can maintain lifetime relations with their customers and gain real-time insights in customer preferences and behaviours.

Trends shaping our business



4

Health awareness

Across all levels in society the focus on health has been increasing. The COVID-19 pandemic has further underlined that our health is not always a given. Nutrition and exercise have already been recognised for a long time as key drivers for health. Last ten years, however, sleep has taken its place as 'third pillar of health'. This is illustrated by the yearly amount of published scientific articles with 'sleep' as keyword doubling in the past ten years. Despite the importance of sleep being recognised more and more, the quality of sleep is under pressure. Before the pandemic multiple brain researchers warned about the lack of sleep becoming a public health crisis. Improving sleep is also mentioned as one of the top priorities in a letter from 70 prominent doctors and scientists advising the Dutch government on navigating their way out of the COVID-19 pandemic.

5

Sustainability

Sustainability has become a prerequisite for any company to be successful on the long term. It has grown into a license to operate in consumer as well as wholesale and B2B markets. Considering in the Netherlands alone already an approximate amount of 1.6 million mattresses are disposed annually, the bedding market will specifically need to take its responsibility in reducing waste and increase circularity. This includes shifting among others to eco-friendly textiles and to box springs that are assembled to be disassembled and moving towards recycled materials.

6

Vertical integration

Product brands are increasingly seeking direct access to consumers to build direct customer relations, acquire first-party customer data and realise cost efficiencies by eliminating the middleman. We see this happening by either producers acquiring retailers or product brands opening own stores. At the same time retailers are getting involved in manufacturing to increase control on product quality, sustainability and innovation. In this changing dynamic the retailers have the edge as they are having the relationship with the end consumer. To stay ahead it will be key to build up and increasingly leverage customer data.

7

Geographic expansion

The European retail bedding market is highly fragmented. In each country a different player is the biggest. Most retailers that tried to cross borders under their own banner did not succeed as they enjoyed little brand value outside the home country and creating cross-border synergies proved challenging. Product brands allow for more focused and distinctive marketing than retail brands. Moreover, in new geographies product brands can make use of existing retail channels in addition to their own online channels, therewith reducing upfront investments.

Our strategic objectives

Our strategic objectives

To continue helping millions of people sleep better, live better, we have formulated three strategic objectives:



Raise awareness about sleep as the third pillar of health

There is a clear scientific consensus about the importance of sleep. Our priority is to help increase awareness of this in society as a whole. This will result in customers investing more time and energy into finding the best sleep solutions for them. Our aim is to be the trusted sleep partner that they choose again and again for their sleep products and services.

Become a brand of choice

As the leading sleep retailer in the Netherlands, we enjoy high brand awareness. As a result, Beter Bed has already established a leading role and strong relationship based on trust with customers in this domain.

In recent years, we have further strengthened our position as the value-for-money retailer of choice. A cornerstone of our growth strategy towards 2025 to build on this with our purpose *'Sleep better, live better'*.

The more specialist domain of sleep also offers significant growth opportunities. This is because a high-quality sleep solution represents the largest part of anyone's investment in sleep. This means higher margins, which in turn create more value. As a sleep specialist retailer, Beter Bed is uniquely positioned to claim its position in this market due to its ability to provide data-driven sleep advice and high-quality products and services to all customers.

Become an employer of choice

We are in the business of taking care of people, and that starts with our employees. This means aiming to become an employer of choice with a mission and purpose that resonates with everyone at our company. It means being able to learn and develop through our award-winning academy. And it means providing a safe, secure and above all fun workplace for all.

Our profile

About Beter Bed Holding



Beter Bed Holding (BBH) is the Netherlands' leading sleep specialist in retail, wholesale and B2B.

Our mission is simple. We believe that the better we sleep, the **happier, healthier and **more productive** we are. And we won't rest until everyone gets the high-quality sleep they deserve.**

Listed on Euronext Amsterdam, BBH operates the successful retail brands Beter Bed, Beddenreus, the new subscription brand Leazzzy and the digital organisation LUNEXT. In addition, through its subsidiary DBC International, BBH has a wholesale business in branded products in the bedroom furnishings sector, which includes the well-known international brand M line.

With **4 distribution centres**, a fleet of **80 vehicles**, **134 stores** and a fast-growing online presence, our team of over **1,000 dedicated employees** served nearly **200,000 customers** in 2021, generating **€ 214.2 million** in revenue.

Providing expert sleep advice is at the very heart of our strategy, and thanks to our revolutionary 'Beter Slapen ID' tool, our sleep consultants help customers to get the perfect night's sleep. BBH is proud that M line is the official sleep supplier of TeamNL, Jumbo-Visma, NOC*NSF and the KNVB.



4 distribution centres



80 vehicles



134 stores



1,000+ dedicated employees



~ 200,000 customers



€ 214.2 million in revenue

Our operations



Beter Bed

The market leading sleep specialist in the Benelux, Beter Bed is a full-service omni-channel retailer offering everything from beds and mattresses to bedding, providing outstanding value for money. Beter Bed stores are located across the Benelux, often in close proximity to other furniture chains and stores. It delivers beds, box springs and mattresses directly to our customers' homes where they are assembled.



Beddenreus

Beddenreus is a retailer that serves the discount sleep market. By offering high-quality sleep at the lowest possible price, it helps all those who wish to sleep well on a limited budget. Its stores are located exclusively in the Netherlands, close to other furniture retailers. As well as cash & carry, beds, box springs and mattresses can all be delivered to customers' homes at an additional charge.



DBC International

DBC (Dutch Bedding Company) International markets a range of high-quality sleeping systems and brands developed in-house. DBC supplies its M line, Wave, Iconic and Maxi products through an international wholesale network and growing B2C, B2B and B2B2C channels. As a result, its success extends beyond the Netherlands and Belgium. DBC also directly serves customers through its brand store in the Netherlands, in addition to M line and Wave's own websites.



LUNEXT

Digital is often the starting point for an omni-channel customer journey. LUNEXT is a brand under which all of BBH's current and future e-commerce propositions is ran with an innovative scale-up mentality. On top of Beter Bed and Beddenreus' own websites, several third-party platforms generate additional revenue in the Benelux and abroad. In 2021, our online channel share grew to 23.4% of our revenue.



www.beterbed.nl
www.beterbed.be
www.beddenreus.nl
www.mline.nl
www.wavebymline.nl
www.leazzzy.nl

Selection of our own brands



B Bright caters for different customers' needs by offering a range of more sustainable sleep-comfort products developed according to the latest sleep developments.



Beter Bed Basic is a wide collection of reliable and good-quality products at the lowest possible price.



Element offers sustainable sleeping products made with natural and recyclable modular components for care-free sleeping.



Karlsson offers Scandinavian sleeping at its very best. Care, attention and high-quality materials give each Karlsson bed unprecedented level of comfort that can be tailored to individual needs.



Maxi offers maximum sleeping comfort at a mini price. The collection consists of two different mattresses, providing customers with superb value for money.



M-concept mattresses mean waking up feeling refreshed. Every single day.



M line products guarantee excellent support and optimum ventilation, helping to contribute to a faster recovery of body and mind. That is why M line is the first choice and official sleep supplier for top athletes. Sleep well. Move better.



Topcare memory foam mattresses mold to the body. They offer excellent support and feel wonderfully comfortable.



Wave offers a tranquil night's sleep, partnering with the trusted top quality of our M line brand for a surprisingly low price and amazingly high-quality.



Leazzzy is our unique sleep subscription service. An easy and hassle-free way to experience high-quality sleep and services at a clear monthly fee.

Our physical footprint

The Netherlands

Drenthe

Assen
Emmen
Hoogeveen
Meppel

Flevoland

Almere
Emmeloord

Friesland

Drachten
Heerenveen
Leeuwarden
Sneek

Gelderland

Apeldoorn
Culemborg
Doetinchem
Duiven
Elst
Nijmegen
Zutphen

Groningen

Groningen
Hoogezand
Leek
Stadskanaal

Limburg

Geleen
Heerlen
Maastricht
Roermond
Venlo
Venray
Weert

North Brabant

Bergen op Zoom
Breda
Den Bosch
Eindhoven
Helmond
Oosterhout
Oss
Roosendaal
Tilburg
Uden

North Holland

Alkmaar
Amsterdam
Beverwijk
Cruquius
Den Helder
Heerhugowaard
Hoorn
Schagen
Zaandam

Overijssel

Almelo
Deventer
Enschede
Hengelo
Zwolle

Utrecht

Amersfoort
Utrecht
Veenendaal
Woerden

Zeeland

Goes
Hulst
Middelburg

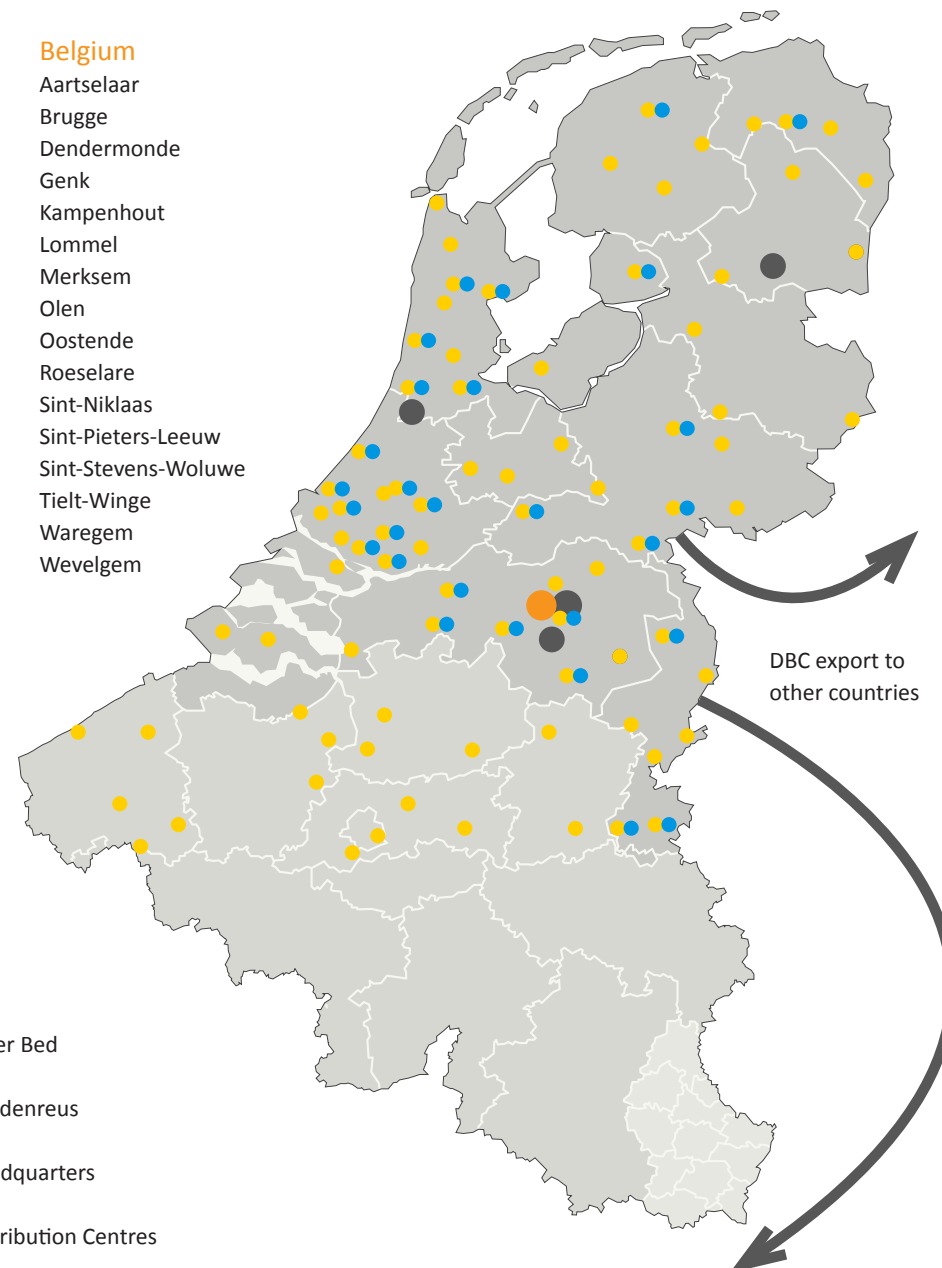
South Holland

Barendrecht
Capelle aan den IJssel
Delft
Dordrecht
Gorinchem
Gouda
Hazerswoude/Rijndijk
Katwijk
Leiderdorp
Naaldwijk
Rotterdam
Sliedrecht
Spijkenisse
The Hague
Vlaardingen
Zoetermeer

Belgium

Aartselaar
Brugge
Dendermonde
Genk
Kampenhout
Lommel
Merksem
Olen
Oostende
Roeselare
Sint-Niklaas
Sint-Pieters-Leeuw
Sint-Stevens-Woluwe
Tielt-Winge
Waregem
Wevelgem

- Beter Bed
- Beddenreus
- Headquarters
- Distribution Centres



Our Group Leadership Team

1. **John Kruijssen**
CEO

2. **Gabrielle Reijnen**
CFO

3. **Perijn Hoefsloot**
Strategic Business Development,
Marketing & Customer Experience

4. **Thijs Nootenboom**
E-commerce

5. **Martijn Akkermans**
Operations

6. **Jaap Westland**
Sustainability & Innovation

7. **Lineke Bernhard**
Human Resources

8. **Bertus Janssen**
Real Estate, Formula &
Facility Management

9. **Erik Weerts**
Finance

10. **Cyril van Seumeren**
Category Management &
Supply Chain

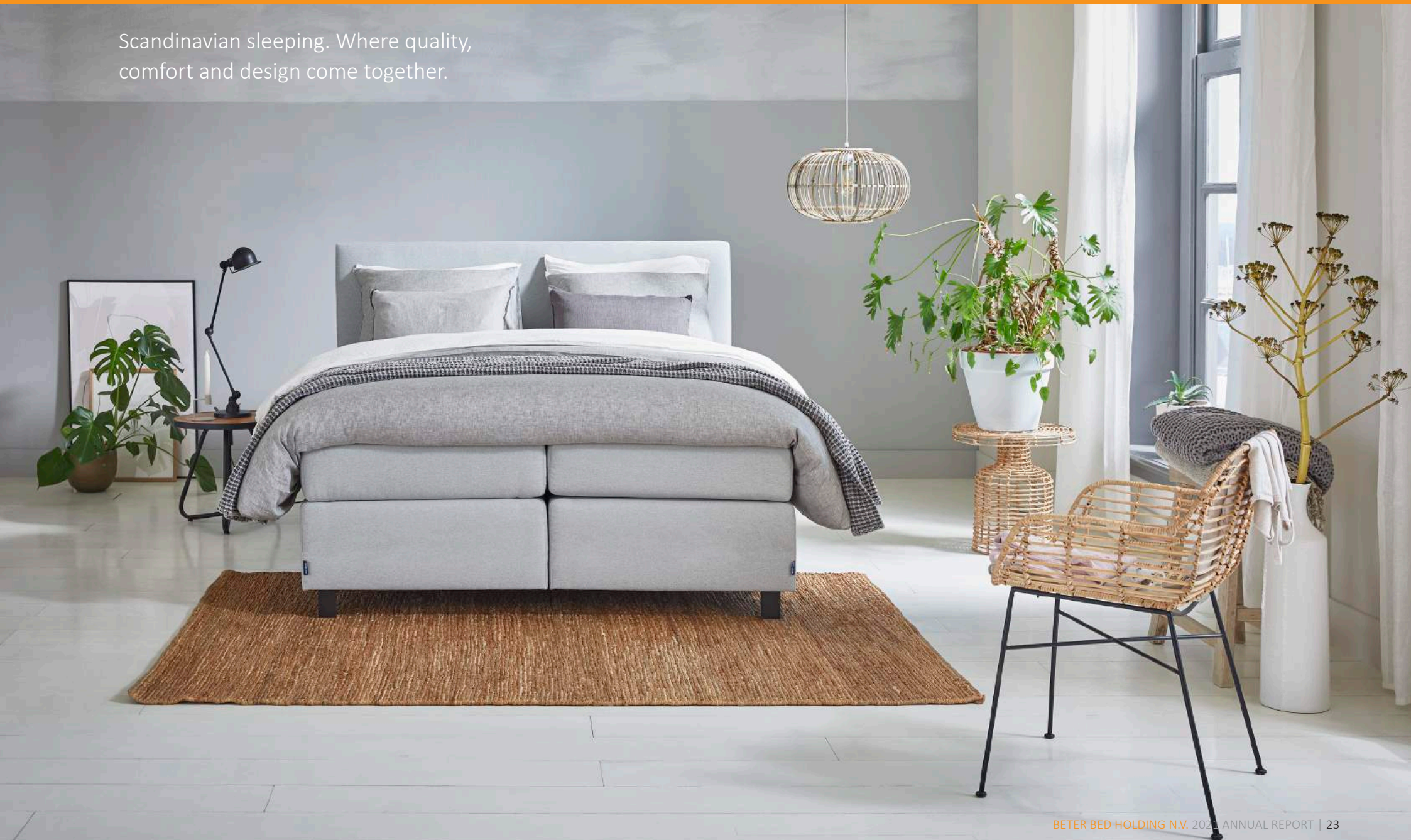
11. **Pieter-Bas Stehmann**
DBC International

12. **Ehtasham Akram**
IT



Kårlsson

Scandinavian sleeping. Where quality, comfort and design come together.



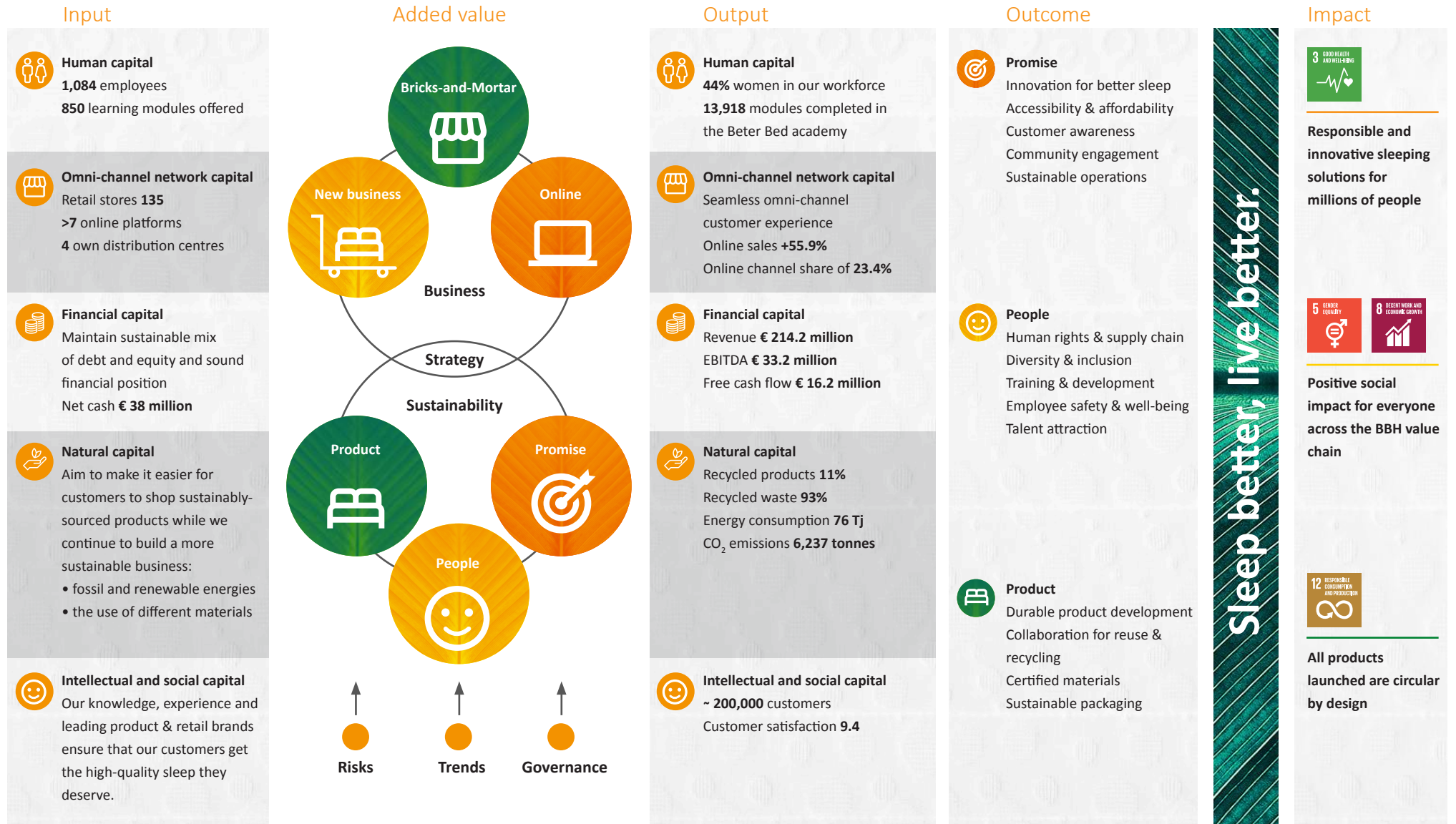


Management report

**Better sleep,
better family life.**



Integrated value creation model



2021 Timeline



3 March 2021

Beter Slapen ID launched in-store

Beter Slapen ID uses sensors to measure the body and provides customers with a personal sleep profile. The use of data and measurements provides an objective and customised advice on the mattress that suits best.



12 May 2021

Strategy update at AGM

The growth strategy is structured around three growth avenues that will enable BBH to be well-positioned to take advantage of major global trends shaping the industry.



2 September 2021

Leazzzy sleep subscription is launched

Customers are able to subscribe to the new sleep-as-a-service model and sleep on a high-quality box spring via a monthly payment method.

16 April 2021

Strong online growth during mandatory lockdown

Investments in technology and people equip BBH to be able to act as a pure online player, resulting in a more than 250% growth in online sales compared with Q1 2020.



9 July 2021

Successful divestment of Swedish activities

The completed divestment of its Swedish business Sängjätten is an important step in the implementation of the new strategic direction for focused and accelerated growth.



23 September 2021

Digital organisation LUNEXT launched

The launch enables further professionalisation and expansion of its e-commerce operations with the establishment of a data and analytics team and the launch of its first e-DC in November.



2021 Timeline



23 September 2021

Category winner best webshop

Sleep specialist Beter Bed receives the highest score from the consumer panel and was voted category winner of the 'ABN AMRO Webshop Award in the Netherlands' for the fifth time.



4 November 2021

Innovative and modular B Bright mattress range

In consultation with customers and sleep experts, Beter Bed has introduced a new mattress range which marks the first step towards the full renewal of the mattress collection and offering more sustainable products.



8 December 2021

Sleep Experience Store opens

The opening of the experience store is in line with the strategy presented earlier this year to solidify its bricks-and-mortar base. The new sleep experience store format is packed with innovation and provides customers with tailored sleep advice in order to sleep better and as a result wake up healthier, happier and more productive.

2 November 2021

SkillsTown Achievement Award

The 'Beter Bed Academy' offers employees an exceptional online learning experience and has achieved an exceptional score of 75% active users.



11 November 2021

Sustainability strategy: Sleep better, live better.

The new sustainability strategy focuses on improving sleep for consumers. At the same time, BBH is implementing a number of circular product initiatives and taking significant steps in increasing and improving the sustainability of its product range and operations within the group.



Our strategy

We have translated our mission into three strategic avenues for growth:



Bricks-and-Mortar

Our physical stores remain crucially important to offer our customers a unique experience through an omni-channel journey. As we see customer journeys and therefore the role of stores continuing to change, we are adapting the format of our stores on a continuous basis. A key element of our strategic roadmap towards 2025 is to refit our existing stores with a new look & feel, providing innovative new technology and easy-to-shop tooling such as in-store kiosks for self service.

In addition, we will start adding new formats, such as the new experience store that we officially opened in Groningen in December 2021. In the near future, we are planning to open smaller stores on high-traffic locations with a more focused assortment, where we will offer a number of cash & carry products for convenience. Technological innovations will provide a totally different experience that will enable customers to better understand how to select the very best sleep solution for them based on their unique needs.

Scalable backbone

While pursuing these growth avenues, we continue to ensure that we have a scalable and efficient backbone, and operate as sustainably as possible.

Sustainability as a key enabler

Our strategy



Online

Our main online sales priority is to further drive business in our own webshops such as [beterbed.nl](#), [beddenreus.nl](#) and [mline.nl](#). Through these channels, we are also able to tap into the online growth potential of customers increasingly purchasing online. In addition to this, we aim to inform customers and non-customers alike about the importance of sleep and facilitate their omni-channel journey. What is more, this channel also enables us to learn more about consumer behaviour, continuously develop innovative products and services, and engage with our customers on a personal level.

Different customer groups are today increasingly shopping online in different ways. For this reason, we are also continuing to raise our brand presence on third-party platforms to further extend our online market position in our existing and new markets.

In September 2021, we launched our digital organisation LUNEXT to further professionalise our e-commerce department and established a data & analytics team dedicated to gaining deeper insights into how our customers feel about our sleep solutions.



New business

We are expanding our reach both in existing markets and new geographies via our wholesale channel through DBC International. The M line brand is our strongest brand in this channel. It continues to strengthen its position in the sleep retail domain – in part thanks to the positive brand exposure resulting from high-profile athletes and sports teams choosing M line as their preferred sleep supplier. To increase our relevance in international wholesale, we are expanding our assortment to include more brands and sleep solutions. One such innovation is the M line Green Motion Circular, a fully circular mattress that consists of recycled plastic bottles.

We are launching new subscription-based propositions across all our B2B and B2C channels. These sleep subscriptions offer customers high-quality sleep products through monthly instalments, and help to lower possible one-time high-purchase price barriers. In addition, we are able to offer a combination of free and fee-based services to help our customers get a better night's sleep. Services include reminders to flip, rotate or deep clean their mattress to prolong its lifespan, product care services, or pillow replacement. In early 2021, we successfully tested a box spring lease subscription model, and then in September we launched Leazzzy, our new sleep subscription proposition. Looking ahead, we see huge potential for data-driven services to leverage the Internet of Things (IoT) to provide more advanced and personalised sleep advice.

Scalable backbone

While pursuing these growth avenues, we continue to ensure that we have a scalable and efficient backbone, and operate as sustainably as possible.

Sustainability as a key enabler

Case study - Beter Bed's Sleep better, live better campaign

Better advice with Beter Bed

Sleeping better means living better. This is the message from the brand campaign and the research-based philosophy of Beter Bed, which is working hard to raise awareness in the Netherlands about the importance of a good night's sleep. "If you sleep better, you're healthier, more productive and happier," says Perijn Hoefsloot, member of the Group Leadership Team and responsible for Strategic Business Development, Marketing & Customer Experience at BBH.

Research shows that people are still not fully aware of the impact of good sleep on their lives, and this can be seen in consumer spending. "On average, people spend 20 euros a week on food and 10 euros on taking exercise, even though they only spend a few hours a week on these activities," says Perijn Hoefsloot. "Compare that to the average invested on sleep of 2 euros a week – something we do for around 8 hours a day."

While awareness about the importance of sleep has increased significantly in recent years, there is clearly still much work to be done. In 2021, Beter Bed kicked off the year with its Slaapkoppen campaign, in which it presented the image of a 'sleepyhead' in a new light. "Our 'sleepyheads' message was that we need to look at sleep in a whole new way. While people who sleep a lot are sometimes looked at negatively, they're actually the really smart and healthy ones – not the people who go around bragging about only needing 4 hours' sleep a night."

"In this campaign, we successfully generated content that was not only insightful and put a smile on people's faces."

The aim of this awareness campaign was to sow the first seeds of sleep awareness. The campaign was also the launch of BBH's purpose – Sleep better, live better – something that today inspires the work of the entire organisation, further strengthening Beter Bed's position as a leading brand and a trusted sleep consultant.

Peter de Beter Bed-weter

The campaign was reinforced with the help of a recurring character: Peter de Beter Bed-weter, a play on words in Dutch that translates as 'Peter the Beter Bed know-it-all'. This is the kind of person that is familiar to everyone: someone who always wants to be the centre of attention, and who is always trying to change any conversation to their topic of choice. In Peter's case, this is sleeping better. Peter, who in Beter Bed's campaign is played by Arnoud Bos – an actor best known for his role in the hit Dutch comedy 'De Luizenmoeder' – offers advice to family, neighbours and friends about everything from sleep needs, to mattresses, beds and bedrooms... whether they want it or not. This all followed the same opening remark every time – 'Dat kan beter' ('this could be done better'). This is a pun in Dutch as the word 'beter' ('better' in English) is the first half of Beter Bed's name. Peter, however, actually does know better. Why? Well, because he always gets the solution straight from Beter Bed. What is more, he repeats the advice from Beter Bed's sleep advisers and delivery teams, searches on Beter Bed's website and YouTube channel for tips and offers, and takes the credit for it. Yet while Peter pretends to be the fount of all knowledge, he means well. Insights from the campaign have shown that this message has proven effective with customers, who view the Beter Bed brand positively. Peter not only knows better on TV and in social media videos, but also on the radio, where he provides the voiceover for several advertisements. There are also provocative short videos preceding Beter Bed content, in which Peter takes an interest in the tips subsequently appearing in the videos. At all times, Peter comes across as a sleep expert with every bit as much knowledge as Beter Bed. "In this campaign, we successfully generated content that was not only insightful and put a smile on people's faces, but was also fully in line with our brand, our services and above all our core sleep better and live better message."



Case study - Beter Bed's Sleep better, live better campaign

Sleep is essential

BBH works closely with leading sleep scientists to ensure that all campaigns and advice given reflect the latest scientific thinking. “The evidence about the importance of sleep is today unequivocal. That’s precisely why helping people get the high-quality sleep they need is at the heart of all we do, and why providing sleep advice based on the latest science is part of our people’s DNA”.

With its Sleep better, live better campaign, market leader Beter Bed is leading the way in sharing knowledge and offering advice on the impact of a good night’s sleep on health. “We are leading the way in raising awareness about the importance of sleep. This message is being very positively received by consumers, which is reflected in our increased market share.” Customer research into the impact of this omni-channel campaign – which includes television and radio commercials, short videos on social media and content relating to advice on both sleep and bedrooms – shows that this message is undoubtedly getting across. Not only did consumers engage better with the new campaign, but consumer research also showed that this led to an increase in brand recognition for Beter Bed.

A more personalised approach

Going forward, Beter Bed’s message will become much more personal. One plan, for instance, is to work more closely with brand ambassadors that appeal to specific market segments. “We are moving to an ever more personal relationship. This goes far beyond the sale of a mattress, as we focus on providing superior comfort through the very best sleep solutions for every individual, together with a range of tailored sleep services.”

This change can be seen across Beter Bed’s stores. “We are now increasingly using personalised sleep data. With our new Sleep Better (Beter Slapen) ID, we can utilise sensors to measure the pressure points in someone’s body. This gives information on exactly how you can enhance your sleep, and which mattress best suits your body. The feedback from our customers is extremely positive: they feel both fitter and more effective in the daytime thanks to our advice.”

**“Everything we do is designed to ensure that people can sleep better.
This really does lead to a more productive and happier life.”**

One of the Beter Bed’s TV commercials shows the Company’s employees delivering a bed directly to a customer’s bedroom, and explaining how the mattress should be turned once a month. “Most companies simply deliver to the front door. Our team, on the other hand, doesn’t just deliver. They assemble beds right in customers’ bedrooms and provide product advice there and then. The more that we as a company provide expert advice, the closer the relationship we have with our customers. And when it comes to advise about beds and bedrooms, it doesn’t get much more personal than that!”

“Everything we do is designed to ensure that people can sleep better. This really does lead to a more productive and happier life. Or should that be a happier and therefore more productive life? Either way, for a better life, you need to improve your sleep, and that’s why you need a better bed from Beter Bed.”



Perijn Hoefsloot (1982) is responsible for strategic business development, marketing and customer experience at BBH, including the Sleep better, live better campaign. He joined BBH as Director E-commerce in 2016. His team has overseen the growth in BBH’s successful online proposition and is responsible for the entire customer journey from orientation to visiting stores. Since August 2021, he has also been responsible for bringing Beter Bed’s strategy to life through leading strategic change projects.

Financial key figures



Revenue¹ (in € million)

2021	214.2
2020	207.5

Gross margin

2021	55.1%
2020	55.1%

EBIT (in € million)

2021	14.8
2020	13.9

EBITDA² (in € million)

2021	33.2
2020	32.0

Free cash flow³ (in € million)

2021	16.2
2020	27.3

Net cash (/debt)⁴ (in € million)

2021	38.0
2020	19.3

Net profit (in € million)

2021	13.9
2020	7.9

Online channel share

2021	23.4%
2020	15.5%

¹ In 2021, our stores were not completely open due to the (intelligent) lockdown for 14 weeks. In 2020, the impact was limited to two weeks.

² EBITDA is defined as operating profit (EBIT) adjusted for depreciation and amortisation.

³ Free cash flow is defined as cash from operating activities less capital expenditures, less payments of lease liabilities and less interest paid.

⁴ Net cash (/debt) is defined as cash and cash equivalents less interest bearing debt.

Financial results

Financial results

Revenue

Revenue from continuing operations in 2021 was € 214.2 million, which is 3.3% higher compared with € 207.5 million in 2020. Both the Benelux and the New Business operations contributed to this revenue growth. The Benelux reported year-on-year revenue growth of 0.9%, whereas New Business, which includes the DBC wholesale business, delivered significant year-on-year revenue growth of 54.0%. The Group's online activities have increased significantly, at a growth rate of 55.9%, with a full-year online channel share of 23.4%. From a geographical perspective, 93% of revenue in 2021 was generated in the Netherlands (2020: 94%) and 7% in Belgium (2020: 6%).

Gross profit

Gross profit as a percentage of revenue remained stable at 55.1%. As a result of higher revenue at a stable gross margin, gross profit for the year increased by 3.2% to € 118.1 million, compared with € 114.4 million in 2020.

Other income

In 2021, Beter Bed Holding closed sale-and-leaseback agreements for three stores for a cash consideration of € 3.0 million. From these transactions, BBH recorded a one-time gain of € 0.9 million in 2021.

Operating expenses

Total operating expenses for 2021 were € 104.2 million, compared with € 100.5 million in 2020. Personnel expenses of € 43.9 million and depreciation, amortisation and impairment expenses of € 18.4 million were in line with the previous year. Other operating expenses increased from € 38.8 million in 2020 to € 41.9 million in 2021. This increase was mainly driven by higher marketing investments to grow the online and offline order intake, together with logistics costs associated with the higher revenue volume.

BBH did not apply for any of the COVID-19 support programmes introduced by the Dutch government, such as NOW (compensation for wages) or TVL (reimbursement for fixed costs), that would have led to lower operating expenses.

EBITDA

EBITDA increased from € 32.0 million in 2020 to € 33.2 million in 2021. This was driven by revenue volume increase and the realised other income offset by slightly higher other operating expenses. Operating profit (EBIT) increased from € 13.9 million in 2020 to € 14.8 million in 2021.

Net result

On 9 July 2021, we completed the divestment of our Swedish operations (Sängjätten) to Sengespécialisten, a Danish subsidiary of the Lars Larsen Group, effective as of 30 June 2021. Sängjätten is therefore presented as discontinued operations in the financial statements for the period up to 30 June 2021. The 2021 net result after tax of discontinued operations including the gain from the sale was € 1.3 million. For more details, please see the section 2021 events (see page 101).

Net profit from continuing operations in 2021 amounted to € 12.5 million (2020: net profit from continuing operations of € 9.3 million). The total net result for the year 2021 was a profit of € 13.9 million (2020: profit of € 7.9 million).

Financial instruments

Financial instruments held by BBH are limited to primary financial instruments. The Company has a policy not to actively secure or hedge financial risks, for example interest rate and currency risks, and consequently does not use derivative financial instruments.

The primary financial instruments mainly relate to cash and cash equivalents, including positions from credit institutions and trade receivables/payables. Per year-end, BBH's currency risk is very limited and relates mainly to the US Dollar. Interest risks regarding the credit facility are not considered to be material on balance sheet date. For a more in-depth analysis of BBH's risk exposure, please see the Risk Management paragraph (see page 64).

Cash flows

Total cash flow generated from continuing business operating activities in 2021 was € 28.3 million (2020: € 42.1 million). The operational cash flow generation of our continued business was positive and we achieved working capital improvements despite the (intelligent) lockdown during the year.

Financial results

Total cash flow from continuing business investing activities in 2021 was an inflow of € 3.0 million compared with an outflow of € 3.4 million in 2020. The total amount of investments in tangible and intangible fixed assets amounted to € 4.2 million in 2021, compared with € 3.3 million in 2020. The majority of these investments related to investments in IT and e-commerce platforms, new stores, including the Beter Bed Experience store in Groningen, and required maintenance in existing stores. The cash inflow related to investing activities in 2021 is related to three sale-and-leaseback transactions of € 3.0 million (2020: none), and the cash proceeds of the divestment of the Swedish activities of € 4.2 million (2020: none).

At year-end, all tax payments were made and there are no outstanding amounts under the Dutch COVID-19 deferral facilities.

Cash and liquidity

The cash flow from continuing business financing activities for the year was an outflow of € 13.9 million (2020: outflow of € 17.7 million), due to deleveraging and the significant improvements in BBH's financial position. The financing cash flow consists of repayment of borrowings of € 2.3 million, the payment of lease liabilities for an amount of € 13.7 million, repayment of the perpetual loan, which includes accrued interest of € 4.0 million, interest paid of € 0.4 million, and an inflow related to the issuance of new shares of € 6.5 million.

The cash position improved significantly during 2021, from € 19.3 million net cash at year-end 2020 to a net cash position of € 38.0 million at year-end 2021.

Financing and solvency

In July 2021, BBH further improved its healthy financial position with a new financing facility of € 15.0 million with ABN AMRO Bank N.V. Furthermore, the perpetual loan plus incurred interest of € 4.0 million, and the revolving credit facilities of € 2.3 million were fully repaid.

In July 2021, 0.9 million new shares were issued to, among others, remediate the impact of the repayment of the perpetual loan.

Solvency increased due to the operating profit and the refinancing transactions from 13.6% at 31 December 2020 to 22.2% at 31 December 2021.

Highlights of our operations

Benelux

This year, revenue of Beter Bed and Beddenreus in the Benelux was € 200.0 million, which is 0.9% higher compared with € 198.2 million in 2020, with like-for-like revenue growth of 1.2%. Despite store closures in the Netherlands, due to the COVID-19 lockdowns in the first two months of the year and the second half of December, like-for-like order intake still increased 0.2% compared with the previous year. The continued positive trend in revenue is the result of a combination of investments in 'always-on' marketing activities, together with the continued strong online and digital proposition, which resulted in an online growth for the Benelux of 52.5%.

In 2021, costs increased compared with the previous year, mainly related to marketing activities and incremental supply chain costs to fulfil customer demands.

Online has seen a continuation in significant growth rates driven in part by the COVID-19 pandemic. This shift towards the online offering was reflected in an increase in the online sales channel share from 15.9% in 2020 to 24.1% in 2021.

New Business

The New Business operations comprise the DBC wholesale business and our subscription model Leazzzy. In 2021, the total operations revenue amounted to € 26.3 million including intercompany sales of € 12.1 million, compared with € 21.1 million including intercompany sales of € 11.3 million in 2020, which represents a total growth of 24.6%.

The DBC wholesale business continued to show strong revenue results for both existing B2B and new customers. BBH continued to add new B2B customers, including local dealers and international retailers. Going forward, we see significant opportunities for further acceleration of these activities. For DBC, this will include further investments in additional sales force. In particular, this will enable us to drive the M line brand in existing markets and a number of carefully selected new markets.

Case study - Top athlete

"When you're a top athlete, both day and night matter"

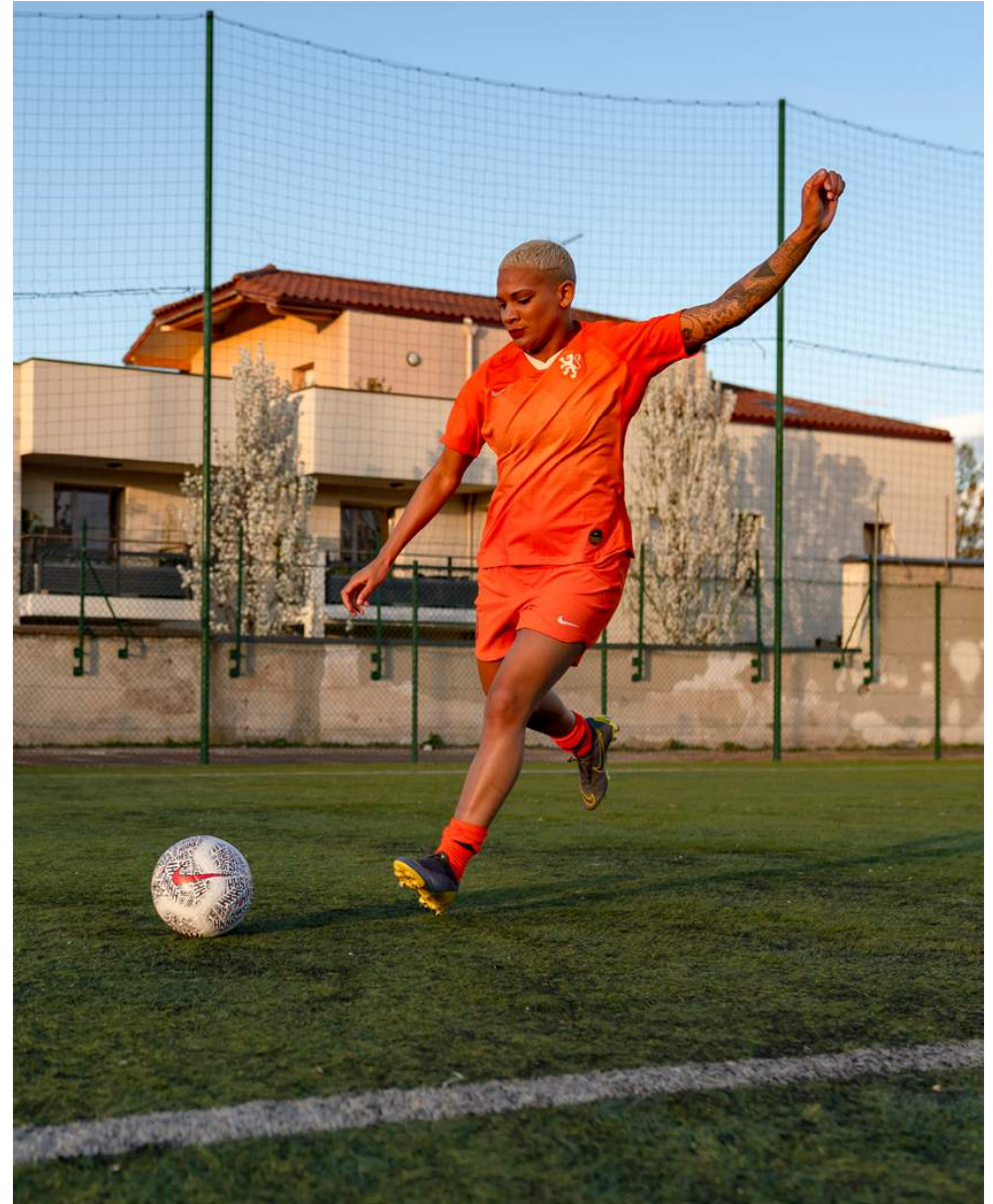
For elite athletes, a good night's sleep can make the difference between winning and losing. That's why the importance of sleeping well cannot be underestimated for professional soccer player Shanice van de Sanden. And the star forward for the Dutch national team certainly has no intention of trading in her M line mattress: "I get the best night's sleep possible, so I'm on top form throughout the day."

Shanice doesn't profess to being an expert on sleep or mattresses, she says with a laugh. "I used to sleep on an old mattress. I don't even remember the brand. But what I do know is that ever since I started to think more deeply about my sleep and have had a high-quality bed, a whole new world has opened up to me."

Better sleep, better performance

Shanice's interest in sleep was first sparked when she attended a talk about its importance for elite athletes with the Dutch national team, which won the 2017 UEFA European Women's Championship and reached the final of the 2019 FIFA Women's World Cup. "I learned how sleep affects your body, and how muscles recover during deep sleep. During the day you have to perform and be at your best, but at night I need to preserve and protect my body for the next day."

For Shanice, the message in M line's 2019 '*Sleep Well. Move Better*' commercial really struck a chord, as night time is absolutely essential for achieving her goals during the day. A regular in M line's advertisements, Shanice subsequently starred in commercials in 2020 and 2021, appearing together with other elite athletes such as the Olympic gold medal winning speed skater Kjeld Nuis.



Case study - Top athlete

Everyone of the ads underscored the direct link between sleep and performance, featuring the slogans 'All the champions sleep on M line' and 'Top performance doesn't just happen'.

"During the day you have to perform and be at your best, but at night I need to preserve and protect my body for the next day."

It feels like home

"I can't stress enough how important sleep is to winning – alongside eating and training of course!" says Van de Sanden. "Physically, it's a must to allow our muscles to recover. But it also makes a huge difference mentally. If you don't sleep well, you tire mentally more quickly. You have nothing left to give when the going gets tough. An elite athlete has to be able to keep on going."

She chose her own mattresses in one of Beter Bed's stores. She has two beds: one in Wolfsburg, where she plies her trade in the German Bundesliga, and one at home in IJsselstein in the Netherlands. Both have an M line Slow Motion mattress. "I've got the Slow Motion Number 8," she says without hesitation. "I really feel it in my body when I've slept in my own bed. This mattress feels like home to me."

This is something Shanice notices immediately whenever she has to sleep in a hotel. "That's when I really miss my own mattress. I also really like how my M line pillows feels. I've got one with a special shape, that's ergonomically designed, 'the Athletic Pillow'. It's ideal for anyone with a back- or neck-related problem. And it's also got a special curve in it for shoulder comfort. Just like anyone, I sometimes have a really bad night's sleep in a hotel, and I really notice the next day that I'm not as quick and sharp as usual. This can mean anything from missing a goal I should've scored to taking a second longer to react to a given situation. I'm therefore really grateful that I usually sleep so well."

"This mattress feels like home to me."

Crucial moments

To give her muscles the time required to recover completely from her training, Shanice usually sleeps between nine to ten hours a night. She also normally has a nap right before any important games. "Champions League matches don't start until 21:00 hours. Not long before kick-off, I take a power nap. These moments are really crucial for me. When I wake up, I look at my roommate and we both feel we're totally relaxed, rested and fully focused. I feel mentally really sharp after a nap. And that's reflected in my performances."

BBH's purpose, *Sleep better, live better*, is a mantra with which Shanice fully identifies. "When you're an elite athlete, performing well is a question of both day and night. Good sleep is essential for me to give my performance during the day. And I don't believe it matters whether you're a top athlete or not. Sleep matters. And this applies to each and everyone who wants to get the very best out of their day."



Shanice van de Sanden (1992) is a professional footballer and plays for VfL Wolfsburg in Germany. She is also one of the leading players in the Dutch national team, having made her debut when she was only 16. She has been an M line brand ambassador since 2019.

Our sustainability strategy

Our three sustainability pillars



We contribute to our customers' well-being by providing a good night's sleep through our range of responsible and innovative sleep solutions. Our aim is to make these available for anyone who wants to live a healthier life while also supporting a better world.

Promise

We will enable everyone to have the best quality sleep, improving their health and well-being, by offering innovative solutions and stimulating sustainable choices.

People

We will deliver social impact by always focussing on our employee's safety and well-being, striving to become an employer of choice, and working together with our suppliers to ensure that they align with our goals and standards.

Product

We will minimise our environmental impact by using ever more sustainably sourced materials, and collaborating with our suppliers to increase the reuse and recycling of our products and packaging, thereby driving the transition towards more circular product propositions.

Our sustainable journey

Our sustainable journey

Since our founding, BBH has existed to provide a good night's sleep for our customers — and this is something we want to continue doing for future generations. To become a truly sustainable company, we are working with leading experts and industry partners from across Europe to develop more sustainable products, create awareness among our customers, care for people in our supply chain, and reduce our own footprint along the way.

Our commitment and approach

We as a company are concerned about the serious and real challenges that climate change poses to the environment, economy and society. To contribute to reducing the impacts of climate change, we are committed to offering our customers ever more sustainable products until we have achieved a fully circular collection. What's more, we continue to implement improvements that reduce our greenhouse gas (GHG) emissions and increase the energy efficiency of our facilities and fleet.

Our operations play a key role in helping us achieve our ambitions. Over time, we have expanded our focus on energy reduction in our stores, distribution centres and headquarters – especially in high consumptive focus areas. At the same time, we are undertaking a range of other sustainable initiatives. These include using materials that help make our products more sustainable, starting a collaboration to recycle our return mattresses, and continuing to explore opportunities to reduce the overall waste that we generate. By making our products more sustainable and providing a good night's sleep for our customers, we're building a better future for everyone.

This year, to reduce our climate impacts, we developed a set of goals and corresponding initiatives that go beyond our own energy use. Since 2020, we have already reduced our operations' GHG emissions by 12%. We are working hard to build on this progress and achieve even more ambitious reductions in line with our 2025 and 2030 strategic objectives through significant investments in our properties by transitioning to green energy and reducing our energy use.

Furthermore, we are electrifying our fleet of cars and trucks, and will design or remodel our store network, headquarters and distribution centres to support electric vehicle (EV) infrastructure.

Where we are now

BBH today offers sustainable options across all product categories. These range from products that are designed to be modular, fully circular, and use certified natural raw materials or recycled raw materials. We engage with all our suppliers and encourage them to develop and offer more sustainable products, in addition to searching for more sustainable options outside of our sector in pursuit of our ultimate goal of offering fully circular products in all product categories to all of our customers.

In 2018, we introduced 'Element', the world's first ever sustainable box spring. This is modular by design, and all materials can be reused after the first lifecycle of the product. Furthermore, we offer a full collection of duvet covers and other textile containing only organic cotton as part of our Kayori collection, together with pillows and duvets that contain down material or polyethylene terephthalate (PET) – the most widely recycled plastic worldwide.

In 2021, we introduced the first modular mattress collection from our B Bright 5000 series. All the materials used in these mattresses can be separated as mono materials, and then either used over and over again or simply recycled to a high level of recycling. The introduction of our own first circular mattress with a circularity passport was also a major step forward, and is proving popular with the increasing number of our customers that demand sustainable sleep solutions.

2021 also saw the opening of our first Experience store in Groningen, which is based in a sustainably designed building powered by solar panels on the rooftop. The store offers customers the very latest sustainable choices from our collection, with customers supported by digital technology in the form of the Beter Slapen ID to make the right choices. This is an innovative way to help customers choose the right mattress based on measurements of their individual sleeping position and specific body type. By being able to provide a better night's sleep in this way, we are in turn able to reduce returns, with all the associated effects on the environment – from delivery to use of materials.

What we have learned

The need to be more engaged in creating new sustainable products and address sustainability across our entire value chain is clearly evident during our regular discussions with our suppliers and customers. We therefore believe it is important to have an industry-wide dialogue to drive cooperation and sustainability efforts across the sector.

Our sustainable journey

The results of our 2021 employee survey demonstrate that an appetite for more engagement is also shared within our organisation. Almost 57% of respondents indicated that they would like to actively contribute to sustainability at BBH, and over 84% stated that they believe sustainability represents an important business opportunity for our company – encouraging results that will help to form our strategic approach.

Our next steps

To obtain an independent perspective on our sustainability performance, including in comparison with our industry peers, we consulted an external party to conduct a 'Quick Scan' of our sustainability activities. Based on the recommendations they provided, last year we have formed our company's new objectives and ambitions. Central to this was reassessing and redefining our material topics, and reporting on these in a quantitative way, with clearly defined key performance indicators (KPIs) that measure progress against smart targets. This is an important change as setting clear, quantifiable targets in this way will help shift our sustainability work to the proactive approach according to the CSR maturity model.

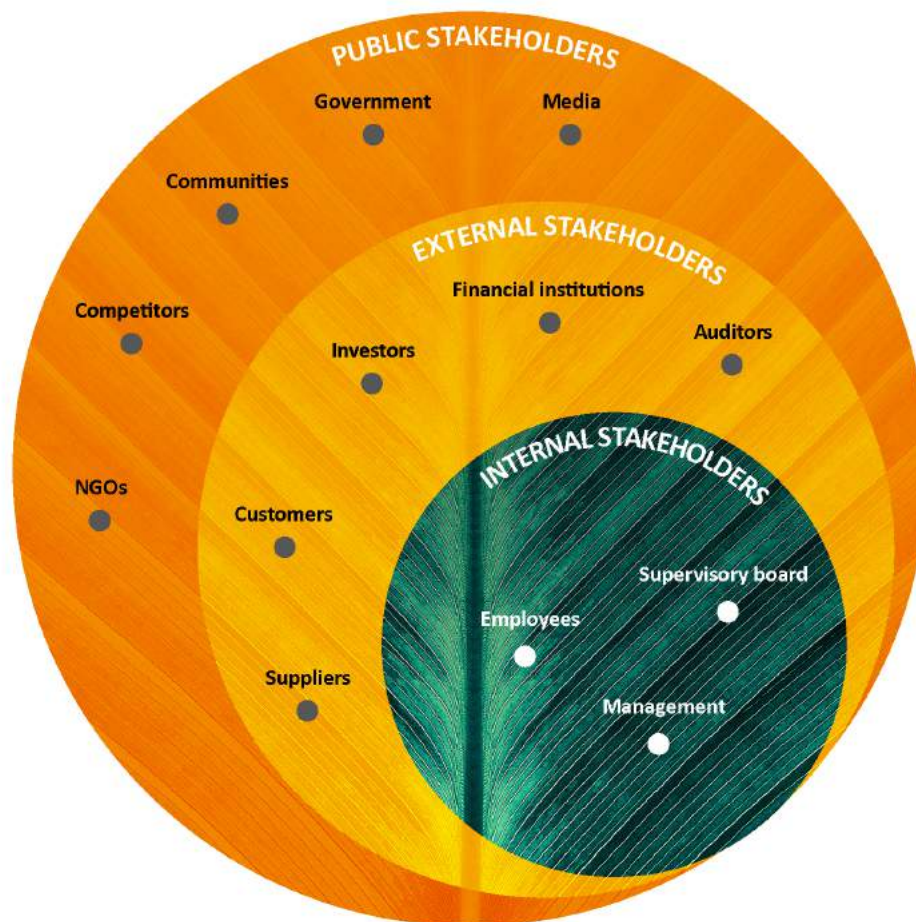
Now that we have renewed our sustainability strategy with associated material topics and focus areas, we are focussed on determining KPIs with the departments concerned across our organisation. After the score was analysed in 2021, the targets for 2025 will be set. The roadmaps with milestones for the coming years will then be established with the management and departments involved. The future will also see new KPIs introduced that will contribute to achieving the overall sustainability targets.

At the same time as determining new sustainable KPIs, we are also investing to ensure we make more efficient use of energy and reduce the footprint of our operations. From 2022, the footprint further down our value chain will also be mapped. After focusing on reducing the footprint of our own operations, we will also work with stakeholders to reduce the footprint of our entire chain'.

For our customers, the most noticeable change will be the increasing number of sustainable products added to our range. We will closely follow all developments in our sector and others that can help us make our products and services more sustainable so that we can fulfil our sustainability promise, as earlier mentioned, to our customers and stakeholders alike.



Our stakeholders



Proactive stakeholder engagement

We map out our various stakeholders and proactively involve them in developments relating to our strategic vision, product development, risk management, our work in the community, our workforce and our organisation.

Through active stakeholder engagement and management, we are able to consider the diverse range of opinions and values of our different stakeholders. In doing so, we aim to build valuable long-term partnerships on the basis of transparency and trust. This is important because trust is fundamental to people working efficiently and effectively together, which in turn helps to minimise uncertainty and leads to better-informed decision-making. We have, for example, involved our stakeholders extensively in the formation of our strategic risk assessment and our new sustainability strategy. In this strategy, we set a number of ambitious targets to become a sustainability leader in the bed and mattress industry.

We undertake stakeholder management and engagement on an ongoing basis to improve our business and create sustained stakeholder value.

New and future reporting requirements and developments

New and future reporting requirements and developments

The non-financial information (NFI) guideline and the future corporate sustainability reporting directive (CSRD) – which were adopted by the European Commission in April 2021 – are important elements of the European Green Deal. This is the European Union's growth strategy that aims to improve citizens' health and well-being, make the EU climate neutral by 2050, and protect, preserve and enhance natural capital and biodiversity.

The regulations contained within the European Green Deal impose requirements on companies with regard to how sustainability reporting must be incorporated in annual reports. For this reason, we have carried out an assessment on the extent to which the information presented in this annual report aligns with the requirements of the NFI guideline and the CSRD directive. We will incorporate the recommendations from this work in our 2022 Annual report. Other requirements set by the CSRD will be analysed going forward, and solutions implemented with the aim of meeting the CSRD requirements as soon as they come into effect.

In addition, the EU Taxonomy Regulation also entered into force in mid-2020. The aim of this regulation is to stimulate sustainable financing and investments, and to enhance insight in this area by preventing so-called 'greenwashing' and by helping investors to make greener choices. To this end, an EU taxonomy was developed that includes activities that are environmentally sustainable, with reporting on them made mandatory. The results of this classification are reported annually on a company-specific basis. Investments are classified against six objectives: climate change mitigation, climate change adaptation, the circular economy, pollution, effect on water, and biodiversity.

For the reporting period 2021, under the requirements of the EU Taxonomy, companies to which the non-financial reporting directive (NFRD) applies are required to disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in their total turnover, Capital Expenditures (CAPEX) and Operating Expenses (OPEX), including some qualitative information.

The EU has already adopted the first two delegated regulations on climate mitigation and adaptation. These regulations determine which economic activities can be regarded as 'eligible'. With regards to the classification of an activity as 'environmentally friendly' in terms of the EU taxonomy, a distinction is made between eligible economic activities for the taxonomy and 'aligned' economic activities.

First, it is necessary to examine whether an activity is described in the Delegated Act, as only those activities are eligible for the EU Taxonomy. Second, it is then necessary to perform an analysis to determine whether the specified Technical Screening Criteria in the Delegated Act, Do No Significant Harm principles and Minimum Safeguards are met, and therefore whether activities are aligned with the taxonomy and can be considered sustainable.

The proportion of revenue that can be considered as eligible is 0% of BBH's total revenue of € 214.2 million. As these definitions regarding the taxonomy are broad, our assessment is based on interpretations as to how this applies to our business activities, and the consequent impact on eligibility.

In terms of the work we have undertaken to make our offices, facilities and operations more sustainable, activities such as the electrification of our fleet of vehicles and moving to energy-saving LED lighting in our stores and distribution centres can be considered as eligible activities for the KPIs Operating Expenses (OPEX) and Capital Expenditures (CAPEX). The proportion of our operating expenses and capital expenditures attributed to these activities are both less than 1% of both our total operating expenses and capital expenditures. Operating expenses as per the EU Taxonomy definition covers direct non-capitalised costs that relate to research and development, building renovation measures, fleet lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets for property, plant or equipment. This differs from the definition of operating expenses in our financial statements.

We will assess our eligibility and the extent of alignment with the EU Taxonomy in 2022. Future guidance could result in more accurate definitions and other decision-making in meeting reporting obligations that may come into force, which could impact future EU Taxonomy reporting.

Monitor: steps from a preventive to a proactive position

Monitor: steps from a preventive to a proactive position

Context and risks

- External stakeholder consultation to better understand impacts and risks.
- Conduct a new materiality assessment to create more focus on reporting and to define strategic focus areas, including an analysis of external context including risks and opportunities, as well as the impact BBH has on society.
- Assess and report non-financial risks, using the Task Force on Climate-Related Financial Disclosure's (TCFD) framework as a guide to anticipate regulatory and legislative change.

Data and monitoring

- Review KPIs to align them with BBH's strategy and use them to steer sustainability performance.
- Enhance data quality by establishing clear definitions, scope and reporting processes to ensure consistent reporting.
- Increase automatic generation of data collection and implement internal controls to reduce the risk of errors.
- Quantitative non-financial KPIs linked to strategy.

Strategy

- Set a new sustainability strategy with clear focus areas (based on the SDGs) and formulate a purpose and smart ambitions covering Beter Bed, Beddenreus and DBC.
- Further integrate sustainability into BBH's governance structure by introducing working groups for each focus area and making ownership clear based on topic/KPI.
- Sustainability embedded across all departments/roles with final responsibility at a management level.

Communications

- Report on how BBH's activities contribute to the SDGs and society as a whole.
- Better align BBH's sustainability strategy and annual report to avoid inconsistencies and double content by e.g. implementing internal checks and copy editing.
- Fully align BBH's sustainability strategy and annual report so as to prevent any inconsistencies or unnecessary overlaps.
- Provide sufficient context to quantitative data and support qualitative information with data.

How being sustainable contributes to our mission



Benefits

Sustainability is not only important for the future of the planet. We as a company are also able to benefit from new opportunities and a larger customer base as environmental considerations become increasingly important to consumers. More and more people are today demanding sustainable options, and this number will only continue to grow. Making traditional products more sustainable gives us a competitive advantage as we fill this gap in the market.

By doing business in a sustainable way, we can provide three forms of value to our customers: emotional, social and functional. Each of these affects the overall value proposition for our consumers. Furthermore, it helps forge a stronger bond between our employees and our company, boost morale, and makes both employees and our company as a whole feel more connected with the world around us.

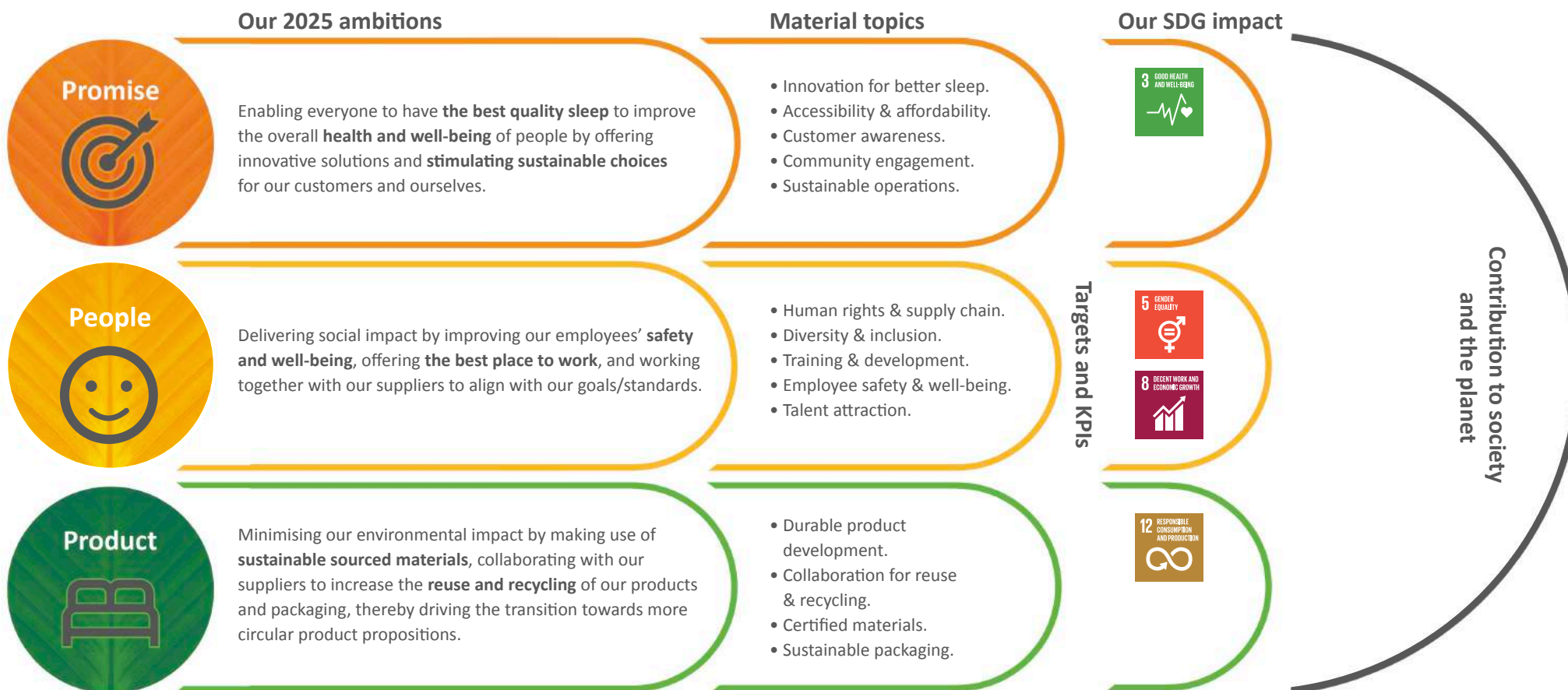
Relevant sustainability topics



The relevant topics for our organisation have been drawn up based on a combination of desk and peer research. The extent to which these topics are material with our stakeholders was established through online research, personal interviews and questionnaires. For more information, please see the materiality matrix (see page 143).

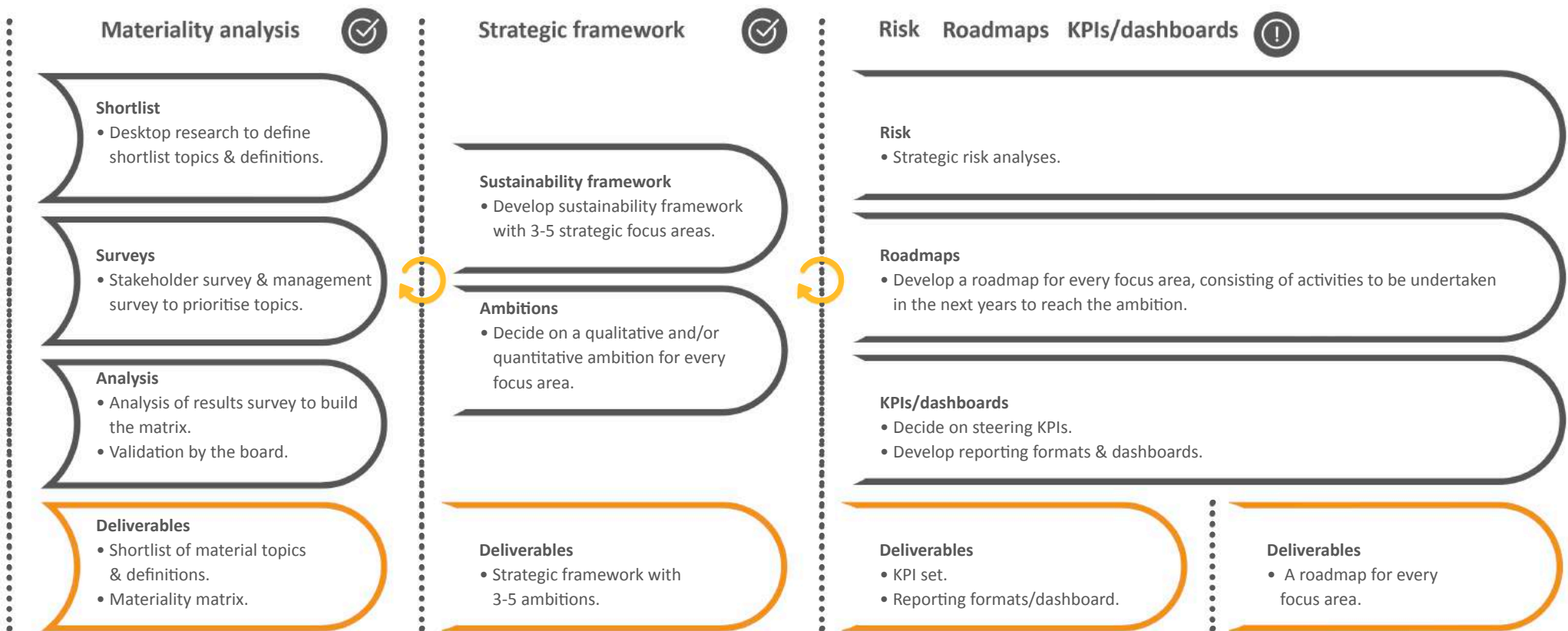
Our 2025 ambitions

Our 2025 ambitions



Timeline

Timeline



KPI scorecard

KPI scorecard

As a new set of KPIs has been defined for 2021, and the targets and roadmaps for this are currently being established, we are now focussing on the material topics for the focus areas that had the highest scores in the materiality matrix. In addition, we report on the KPIs that we maintain and that are required by law and regulations.

Promise

Innovation for better sleep

As of September 2021, a Beter Slapen ID diagnosis has been in place in our Experience Store in Groningen and our Beter Bed store in Den Bosch. This enables us to provide the very latest personalised sleep advice to customers so that they get the right mattress for them. The first test phase has proved successful, and additional diagnostic tools have been ordered so that this service can be expanded to other stores by the end of 2022. We will continue to monitor the use of the Beter Slapen ID diagnosis tool in terms of the advice provided to customers, conversion rates, customer satisfaction, and how the number of returns compares with purchases not made using the diagnosis tool. Going forward, the extent to which the tool is used, measured as a percentage, will be a KPI and be reported as of 2022.

CO₂ emissions

One of the most important aspects of BBH's sustainability strategy is to reduce CO₂ emissions in order to help combat climate change.

In the coming years, we will continue to invest in energy-efficient measures in our branches and other buildings, reducing emissions through the electrification of our fleet of vehicles and by transitioning to renewable energy.

We aim to reduce the CO₂ emissions of our activities in 2022 by half compared with 2020 and by 75% by 2025, with the ultimate goal being to operate completely carbon neutrally by 2030. To achieve this, we are both significantly reducing our own CO₂ emissions, and developing sustainable products and services for our customers.

People

Employee safety & well-being

As part of this materiality topic we report on: 'sick leave', 'number of accidents' and 'number of near misses'. The official taxonomy definitions were used when measuring performance against these KPIs so as to be consistent with the relevant legislation. We consider safety and well-being to be of paramount importance and therefore provide central guidance to ensure a clear and consistent approach is taken across our Group. This includes creating a central point of contact to which responsibilities by department are defined and recorded.

Product

Circular product development

In 2021, we determined how we define more sustainable products. This is undertaken on the basis of product group, together with the category management department. In total, there are four categories of more sustainable products: circular, modular, certified natural and certified recycled. We have adopted these categories in our tender criteria for the development of new products, and from 2021 we will report the percentage of sustainable products as a KPI.

KPI scorecard

KPI scorecard

- New
- Maintained & to be defined
- Work to be done & maintained



Promise



People



Product

Material topic	Draft KPI -> 2025	Unit	KPI score 2020	KPI score 2021	Target year	Target	Status
Promise							
Innovation for better sleep	% purchases of mattresses using Beter Slapen ID	%	n.a.	n.a.	2025	To be defined	●
Community engagement	% investment in sponsoring (of marketing budget)	%	n.a.	3.9%	2025	To be defined	●
Sustainable operations	% waste recycled	%	94%	93%	2025	>95%	●
	CO ₂ emissions	tonnes	7,107	6,237*	2025	-75%	●
	Energy consumption	Tj	75	76	2025	To be defined	●
	% renewable energy	%	0%	0%	2025	75%	●
	% electrical fleet	%		3.4%	2025	30%	●
People							
Human rights & supply chain	Suppliers that signed the code of conduct	%	85%	81%	2025	100%	●
Diversity & inclusion	Gender diversity staff	%	44%	43%	2025	>40%	●
	Gender diversity extended management team	%	n.a.	30%	2025	>33%	●
	Gender diversity management board	%	36%	50%	2025	>33%	●
Training & development	Number of hours training per employee	h	2h	16h	2025	To be defined	●
	Number of FTEs progressed of function	#	n.a.	68	2025	To be defined	●
Employee safety & well-being	Sick leave	%	5%	5.5%	2025	To be defined	●
	Accidents	#	n.a.	9*	2025	To be defined	●
	Near misses	#	n.a.	0	2025	To be defined	●
Product							
Circular product development	More sustainable products	%	n.a.	15%	2025	To be defined	●
Collaboration for reuse and recycling	Mattresses returned for recycling	%	7%	10.8%	2025	25%	●
Sustainable packaging	Packaging recycled	%	94%	96%	2025	>95%	●

*definition changed

Case study - Sustainability

Bringing sustainable change to all that we do

Launched in 2021, BBH's ambitious sustainability strategy *Sleep better, live better* outlines how it intends to be a leader in sustainability in the sleep sector so that no customer will sleep without worrying about their footprint. "Our objective is to enhance sustainable practices across our entire value chain so that we can make good on our promise that future generations can go to bed knowing that every purchase they make or service they use is 100% sustainable."

While BBH has long been a supporter of creating a more sustainable production chain, its progress in this area has accelerated in recent years. In 2018, for example, Beter Bed developed the first modular box spring constructed from recyclable materials. "At the time, we saw this as a hygiene factor and didn't report specifically on it," says Jaap Westland, programme leader for Sustainability and Innovation. "It's only now that I think, this was the first sustainable box spring!"

Going full circle

In 2021, BBH launched the first fully circular mattress on the market: the M line Green Motion Circular, which is partly made from recycled plastic bottles. "Plastic may not sound like it's sustainable, but nothing is further from the truth. This specific type of plastic can be reused time and time again – just like the pocket springs used in mattresses that we return to the steel industry as a raw material." Alternatives exist for every wallet and preference, such as the B Bright 5000, which contains circular materials, and the box spring Element, which is partly made from natural materials. And this emphasis on sustainability does not start and stop with mattresses: 96% of BBH's packaging materials are now fully recycled.

A sustainable pledge

Sustainability is today ever more embedded in BBH's thinking, decision-making and processes. "From sustainable fixtures and fittings and energy saving in the stores to moving to a fully electric transport fleet – we're changing fast and we've got a positive story to tell," says Jaap. "What's more, we've also made tangible progress in other ways like reducing our CO₂ emissions and our energy use."

As part of BBH's *Sleep better, live better* sustainability strategy, progress is reported on the basis of three 3 Ps: Promise, People and Product. "Our pledge to customers is to improve their health and well-being with innovative and sustainable products that are affordable to all. Customers shouldn't have to choose whether they want a sustainable product or not. Nor should they have to pay more for it. For this reason, this is something we're really focussing on with our suppliers."



"Customers shouldn't have to choose whether they want a sustainable product or not. Nor should they have to pay more for it."

Case study - Sustainability

Setting the tone

This is a significant commitment, particularly given the challenges that face the sleep sector, with 1.6 million mattresses still thrown away each year in the Netherlands alone. “While growing, the demand for circular mattresses is not yet shared by all customers. The necessary materials simply aren’t available for use in all our products, such as a circular mattress at a lower price point.” Despite these challenges, Westland emphasises that BBH has a vital role to play: “As market leader, we have a responsibility to set the tone so that others can follow.”

“Focusing on making things more sustainable, as used to be the case, is no longer good enough. The reality is that in some cases a product may have to be totally redesigned from scratch.”

Circularity throughout the chain

“Being truly circular is only possible if it involves the whole chain. Focusing on making things more sustainable, as used to be the case, is no longer good enough. The reality is that in some cases we may have to totally redesign a product from scratch. It’s important to motivate and incentivise the industry to develop other products. Looking ahead, this may affect how we choose suppliers in the future.”

Part of BBH’s sustainability strategy involves adhering to codes of conducts and undertaking audits to monitor compliance with sustainability agreements. “As 95% of BBH’s production takes place in Europe, it’s relatively easy for us to do this very accurately and effectively,” he says. “We’re also moving forward with these agreements to reduce the distances that materials have to travel.”

Innovating together

Many of BBH’s key stakeholders actively support and are committed to the strategy. “Our employees understand the added value of innovative and sustainable products, as it’s something they find inspiring. This is echoed by our suppliers, which not only tell us that they believe in the importance of sustainable and innovative products, but also that they want to work with us to innovate along the supply chain.”

Even though much of the emphasis of BBH’s sustainability strategy is understandably on environmental considerations, shareholders in particular consider human rights to be very important. “For us, this is of course a given,” says Jaap. “That’s why we’re developing an action plan based on our code of conduct, which will also include how we approach human rights issues.”

Attracting the best talent is another important issue for any company, particularly in the current labour market. “We have a very significant target to reach by 2025, and we need the right people to help us achieve it. For many talented people at the start of their careers, the first thing they say is: ‘How sustainable is your business?’ This gives us confidence that we can fulfil our pledge while also challenging us to keep on improving.”



Jaap Westland (1976) is responsible for sustainability and innovation at BBH. After joining BBH as International Sales Manager for DBC in 2011, he was appointed Commercial Director in the same division in 2014. As part of his role leading on sustainability for BBH, he has been responsible for examining how the company’s products can positively impact on the health of customers, the environment and society at large.

People key figures



Number of employees

2021	1,084
2020	1,124

Number of FTEs

2021	937
2020	956

Age diversity

	<30	30-50	>50
2021	32%	38%	30%
2020	36%	40%	24%

Training modules completed

2021	13,918
2020	5,666

Gender diversity

Percentage of women

2021	44%
2020	44%

Gender diversity Supervisory Board Percentage of women

2021	40%
2020	40%

Gender diversity Management Board Percentage of women

2021	50%
2020	50%

Our people

2021 - A year in which our culture really made a difference

BBH's employees are the very foundation of our organisation, and are therefore extremely important to all that we do. We place enormous value on enabling them to work in an open and honest environment where everyone can be themselves, and where there are many opportunities to develop professionally. We strongly believe that the work our employees undertake must be both fulfilling and purposeful. By offering these two things we can be confident that employees feel comfortable and happy in our results-orientated culture.

In yet another year marked by change and challenge in equal measure, one thing remained constant: the extraordinary work delivered by our engaged and enthusiastic team of employees. During this period, our company's culture has once again proven its value. We are proud that our employees live and breathe our company's values, exhibit a shared passion for the products and services we offer, and provide the very best possible sleep advice to our customers. Above all, we have demonstrated that resilience and agility are extremely important during in these times – qualities that have really come to define how BBH employees approach their work.

Our employees understand the impact they have on our customers' lives by providing the right sleep products and services, and this is what everyone at our company strives to do each and every day. To this end, team work, being able to connect with others, and an entrepreneurial can-do spirit, are all attributes and characteristics that we value highly. In addition, other qualities such as expertise in data and analytics are becoming increasingly important as we use even more data to provide the best tailored sleep advice to our customers.



Focussing on learning and development

In terms of learning and development, our goal is to increase our employees' knowledge (learning), and convert this into new behaviour (development). Our people are important to all that we as a business do, we are committed to investing in them. Moreover, we are confident that our results-driven culture not only helps employees to develop in their current role, but also seizing opportunities to explore other careers within our organisation.

We believe every employee in our organisation is unique, with their own unique combination of talents. Our training policy contributes to identifying and deploying talent. This way, we help our employees make the most of their talents, which in turn enhances their personal development, meaning they have more energy for their work, in addition to feeling that their skills and competences are being used optimally. This contributes to job satisfaction, enthusiasm and productivity.

This year, we paid special attention to our leadership development programmes, our talent and team development, and how we onboard new employees. To help ensure our customers get the best possible advice about quality of sleep, we also focused on developing an engaging sales programme for our sleep advisors inspired by our *Sleep better, live better* purpose in BBH's 2025 Strategy.

Our online learning platform, the Beter Bed Academy, shares knowledge in an innovative and practical way. This includes the use of videos about our products and services, tutorials, vlogs and virtual tours – all with the aim of informing our team, transferring knowledge and generating sales.

Our people

Recruiting and retaining the best

In 2021, we experienced how challenging it can be at times to fill vacancies in the current market, as the significant number of vacancies in our sector was coupled with low unemployment. One solution to attract and retain the best talent is for us, as market leader, to become an employer of choice. Employee development is key to not just an individual's future, but also the future success of our company. For this reason, we are passionate about creating an environment in which our employees have the space to continue developing at all points during their careers – whether that be starting as an intern or in a management position. We actively encourage our team to take advantage of the different opportunities that exist at our company to learn and develop, and to progress in their careers. In 2021, 68 BBH employees were promoted as a result of this focus on development.

Being strategic

Our 2025 Strategy saw the introduction of our *Sleep better, live better* purpose. This is more than just a slogan alone; it is a philosophy and mentality that captures precisely how we want our employees to approach their work, and something that we are ensuring is at the heart of our corporate culture and reflected in our collective behaviours.

In 2021, we started the implementation of our 2025 strategic growth plan across our organisation in a phased way in the following areas: cultural change, internal branding, and internal communication.

Putting health and well-being first

We recognise that it is our obligation as an employer to maintain a safe working environment. Safety is our number one priority, and we have made a number of changes to enhance safety for our employees, in particular in areas in which heavy physical work is carried out. In 2021, nine work-related accidents in total were reported. While these accidents were mostly related to weather conditions on the road and not the result of an unsafe working environment, they occurred during office hours and were therefore reported as such. In all cases, immediate and the appropriate action was undertaken. Since the outbreak of the COVID-19 pandemic, all areas of the organisation have taken measures to prevent the spread of the virus. This requires our continuous attention.

Fostering a more inclusive workplace

We believe it is important to have a diverse and inclusive workforce in terms of education/experience, nationality/cultural background, gender and age, and strive for a balance across our organisation. For this reason, we are working to create an environment in which all employees can thrive.

Furthermore, we consider our work and commitment in this area to be an important aspect of our social responsibility. In 2021, we made the first steps to become officially PSO-certificated ('Performance Ladder Social Entrepreneurship') as an inclusive organisation.

A new leadership structure

In 2021, we created a Group Leadership Team across our organisation by merging several different layers of senior managers and directors. This 'one team, one voice' approach creates greater clarity across our organisation, in addition to raising the profile, visibility and approachability of our senior leaders, introducing a clear and consistent policy across our company, and promoting an open working environment.

One of our Group Leadership Team's key priorities is to translate BBH's 2025 Strategy so that it can be successfully applied, cascaded, understood and embraced right across our entire organisation – meaning that everyone who works at our company can live and feel what we mean by *Sleep better, live better*.

Representing our employees

BBH values having an effective, open and transparent working relationship with BBH's works council, which represents all employees in our organisation in a highly professional way. We are pleased that our working relationship with the works council is transparent and cooperative, and would like to thank them for their constructive collaboration over the past year.

New elections will be held for works council representatives in 2022. Given the new management structure that was introduced across our company during 2021, this will also be reflected in a new structure for BBH's work council, with 12 positions split according to various disciplines and functions across our organisation. This change will help enhance employee representation.

Employee engagement

In the fourth quarter of 2021, we undertook preparations for an employee engagement survey that will be rolled out at the beginning of 2022. By asking questions about a whole range of aspects of our employees' experience at BBH, we hope to not only gain a better understanding of where we are meeting our ambitions, but also where we can continue to improve. By doing so we hope to continue enhancing job satisfaction and employee engagement across our entire organisation.

Our people

The development of the number of employees is as follows:

	2021	2020	2019 ¹	2018 ¹	2017 ¹
Diversity					
Women	471	492	535	500	470
Men	613	632	651	596	553
Total	1,084	1,124	1,186	1,096	1,023
Age					
<30	345	399	421	340	288
30-50	417	448	491	512	480
>50	322	277	274	244	255
Total	1,084	1,124	1,186	1,096	1,023
Diversity in senior management					
Women	2	5	5	4	3
Men	10	9	9	10	11
Total	12	14	14	14	14
Full-time/part-time					
Full-time - women	72	86	92	71	80
Full-time - men	380	371	416	401	393
Part-time - women	399	405	470	429	390
Part-time - men	233	262	208	195	160
Total	1,084	1,124	1,186	1,096	1,023

	2021	2020	2019 ¹	2018 ¹	2017 ¹
Fixed-term/temporary contracts					
Fixed - women	339	353	353	352	327
Fixed - men	420	404	386	385	374
Temporary - women	132	138	172	148	142
Temporary - men	193	229	275	211	180
Total	1,084	1,124	1,186	1,096	1,023
By region					
The Netherlands	1,029	1,073	1,028	908	906
Sweden	-	-	120	156	93
Belgium	55	51	38	32	24
Total	1,084	1,124	1,186	1,096	1,023
Parental leave					
Women	8	5	15	17	11
Men	2	9	4	10	10
Total	10	14	19	27	21

¹ The years 2017, 2018 and 2019 include Swedish employees.

Case study - Beter Bed Academy

Our dedicated online training centre for omni-channel excellence

The Beter Bed Academy is Beter Bed's own dedicated online training platform. "With innovative e-learning modules, tutorials, webinars and podcasts, we're able to inspire employees to develop themselves," says Lineke Bernhard, responsible for Human Resources. And with more than 18,000 modules completed in just two years, the Academy is already a great success.

"We look for talent in every employee, rather than focusing solely on a small group – for instance those with senior leadership ambitions. The aim of our own training centre is to enable each and every one of our employees to further develop the skills that they already have, in addition to learning new ones," explains Bernhard. "Doing something that you're good at means more pleasure in your work, good mental health, and ultimately happier customers of course."

This simple training philosophy was central in 2020 to the founding of the Beter Bed Academy – an online space in which BBH's 1,000 plus employees can choose from a wide selection of different e-learning modules. Both easy to access and engaging, the Academy is unique to BBH, having been developed in collaboration with SkillsTown, which was recognised as the Netherlands' leading digital trainer in 2020.

Product knowledge and home working tips

In total, BBH's employees can choose from 850 different e-learning modules. These range from trainings to enhance product knowledge on duvets and mattresses, to relatively broad programmes, such as 'sales skills' or 'effective communication', and more specific e-learning courses such as best practice for customer service using WhatsApp.

BBH also offers courses on both personal development, and health and well-being. The course on staying fit while working at home was, for instance, especially popular in 2021. In particular, this e-learning covers time management and finding a good work-life balance. "At present, the 'Sleep Well' module is our number one course in terms of popularity, and teaches you everything you need to know about sleep: why it's important; the different sleep apps out there; and things that help one to sleep well. The great thing is that BBH's employees can apply the learnings in their own lives, together with sharing them with customers. In this way, the training courses also help to make BBH's purpose of *Sleep better, live better* a reality."



Learning new skills during lockdown

Another example of learning new skills is BBH's onboarding programme for all new employees. From managers to store employees, everyone at Beter Bed follows the same central onboarding programme – the first part of which is held online. The '*Welcome to Beter Bed!*' curriculum is wide-ranging, covering BBH's customer-focussed culture and products and services among other things. In addition, every new employee also follows a curriculum adapted to their own role and duties.

"While the Academy was always designed for remote learning and digital development, this way of working has really accelerated due to COVID-19. We're very happy to have this onboarding programme in place as it means that everyone gets to know about who we are as a company from the start."

Case study - Beter Bed Academy

In addition, having the Beter Bed Academy meant that BBH's employees could continue learning and developing even during the lockdown in the Netherlands, when stores were closed. During this period, employees spent an average of between one and one and half hours a day following various modules in the Beter Bed Academy Day programme.

“The aim of our own training centre is to enable each and every one of our employees to further develop the skills that they already have, in addition to learning new ones.”

Making it relevant

All courses are developed to help in a practical way at work. “I consult with employees so that I better understand the issues that they come across, and the knowledge and skills that would best help them,” says Bernhard. “We also undertake research to identify trends and develop our modules to reflect them.”

Given BBH's extensive range of sleep solutions and its mission to raise awareness about the importance of high-quality sleep, the team at BBH requires a high level of knowledge in a number of specific areas – from technical aspects relating to products and services to sustainability and sleep science.

Experience gained within the organisation can be shared with ease by employees in videos as part of the different learning modules. “It's great to see people sharing their knowledge and experience in tutorials, product knowledge videos and so forth. After all, employees much prefer to learn from one another than from an anonymous online trainer. It's not only more interesting, but also feels far more relevant.”

The response to the Beter Bed Academy to date has been extremely positive. Over 75% of BBH employees use the online learning environment, with 18,000 courses completed in just two years, with an average score achieved of 8.4 out of 10. “For many of our e-learning courses, employees receive a certificate – something they are proud of.”

A tangible impact

On the Beter Bed Academy analytics dashboard, managers are able to see which modules their team members have followed, and the results they achieved. “We're seeing that the modules are having a real and direct contribution to improved performance on the shop floor.”

A good example of this is the course on BBH's new purpose *Sleep better, live better*. “This course teaches BBH's team how to better engage with customers by helping them understand the relationship between sleep and health. Customers are given a warm welcome, during which they're asked about their sleep pattern, any sleep problems they may have and their lifestyle. And it's this, not any product specifications, that is the focus from the very outset. BBH's service-first rather than sales-first approach is all about providing a solution, not simply selling a product. This is something that customers recognise and appreciate. They feel respected and listened to, which is ultimately good for business as it leads to a higher conversion rates. That's why our purpose is at the heart of our trainings.”



Lineke Bernhard (1966) has been responsible for human resources at BBH since 2020. As part of her role, she is also responsible for the Beter Bed Academy, BBH's own dedicated training centre that gives employees the opportunity to choose between 850 different e-learning modules.

Management Board biographies



A.J.G.P.M. Kruijssen (1965) – Chief Executive Officer

John joined BBH in 2018, having held a number of leadership roles in large international companies.

From 1984 to 1997, John gained experience in a diverse range of managerial positions at companies such as Halfords Nederland B.V. and Unigro N.V., The Netherlands. This was followed by various management and executive positions at Royal Dutch Shell in both the Netherlands and the United Kingdom. From 2010 to 2015, he served as CEO of Markeur Holding B.V., and from 2015 to 2018 as CEO of Detailresult Group N.V. Alongside his position at BBH, he serves as an advisor to a family office in the Netherlands.

In addition to completing a course in Small Business & Retail Management in 1984, John completed the Advanced Food Retailing Programme at Nyenrode Business University in 1996 and completed a programme specifically for Royal Dutch Shell management at INSEAD Singapore in 2005.

John joined Beter Bed Holding N.V. in the position of CEO on 1 April 2018, and was appointed as a Statutory Director in the position of CEO at the AGM on 26 April 2018.

John is a Dutch citizen.

G.E.A. Reijnen (1967) – Chief Financial Officer

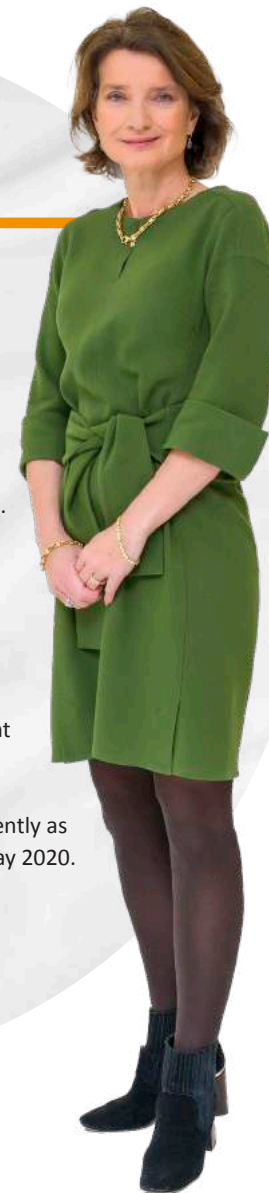
Gabrielle joined BBH in 2019, having held a number of senior international finance positions.

Previously Managing Director at ABN AMRO and Alvarez & Marsal, Gabrielle was also Head of Corporate Coverage and member of the Management Team with RBS in the Netherlands. Alongside her work at BBH, she serves as a Supervisory Board member at Aegon Bank N.V., Aspen Oss B.V., Bouwinvest Real Estate Investors B.V., and is a board member of Stichting Continuïteit Merus.

Gabrielle earned a master's degree in Business Economics from Erasmus University Rotterdam, and is an Advanced Management Programme (AMP) graduate of Harvard Business School.

She was appointed as CFO on 12 December 2019, and subsequently as a Statutory Director in the position of CFO at the AGM on 13 May 2020.

Gabrielle is a Dutch citizen.



Supervisory Board biographies



B.E. Karis (1958) - Chair

Mr Karis studied tourism before joining Dorint Group in Germany as Sales Manager for the Benelux region in 1983. After three years of executive training at Vroom & Dreesmann, he subsequently fulfilled several positions at Vroom & Dreesmann and Ikea. From 2000 until 2004 he was Vice President Ikea Retail Europe, and from 2004 until 2007 he was Senior Vice President General Merchandise for Ahold. He acted as Chief Executive Officer and Chairman of the Board at Zeeman Group B.V. until 2017. Mr Karis is a Dutch citizen and does not hold shares in Beter Bed Holding N.V.

Responsibilities

Mr Karis is Chair of the Selection and Appointment Committee and a member of the Remuneration Committee.



B.M.A. van Hussen (1971) - Vice Chair From 1 January 2022

Mrs Van Hussen (1971) earned a Law degree at the Erasmus University Rotterdam and followed postgraduate programmes in corporate law at Radboud University Nijmegen and strategic leadership at Harvard Business School. Until 2017, she worked as an M&A partner at DLA Piper, where she was a board member on the International Executive Board from 2014 to 2016. Since 2018, Mrs Van Hussen has been a M&A partner at JB Law. Mrs Van Hussen held, and continues to hold, various executive and supervisory positions at, among others, Blokker Holding and Stichting Continuïteit Ahold Delhaize. She is also regularly appointed as an operating officer by the Enterprise Chamber of the Amsterdam Court of Appeal. Mrs Van Hussen is a Dutch citizen and does not hold shares in Beter Bed Holding N.V.

Responsibilities

Mrs Van Hussen is a member of the Remuneration Committee, the Selection and Appointment Committee and member of the Audit Committee.



A. Beyens (1961)

Mr Beyens earned a Master of Science in Commercial Engineering at Brussels University in 1984 and an MBA degree at the University of Antwerp in 1991. Since 1987, Mr Beyens has worked for Ab-Inbev in various international management and executive positions. In 2012, as CEO at Starbev he oversaw the sale to MCBC, and was CEO at Pelican Rouge until 2017. Mr Beyens is currently Operation Partner at MidEuropa. In addition, he is a non-executive management board member at Duvel Moortgat, Spadel and the Antwerp Management School. Mr Beyens is a Belgian citizen and does not hold shares in Beter Bed Holding N.V.

Responsibilities

Mr Beyens is a member of the Audit Committee.



M.C. Schipperheijn (1975)

Mrs Schipperheijn holds a Master of Science in Business Economics from Maastricht University, and subsequently studied to become a registered accountant (NBA) at Tilburg University in 2002. She also undertook a Presidents Programme at Singularity University. Until 2002, Mrs Schipperheijn worked as a Chartered Accountant at KPMG, after which she held various international financial management and board positions at Shell and joint ventures of Shell until 2017. Until September 2019, she was CFO and a member of the board at Euroports. On 1 November 2020, she was appointed CFO at Royal Reesink B.V. Mrs Schipperheijn is a Dutch citizen and does not hold shares in Beter Bed Holding N.V.

Responsibilities

Mrs Schipperheijn is Chair of the Audit Committee and member of Remuneration Committee and the Selection and Appointment Committee.



P.C. Boone (1967) - Vice Chair Up to and including 31 December 2021

Mr Boone earned a degree in Business Economics and Administration at the EUVA (European University of Antwerp) in 1992. In 1999 and 2004 he undertook a management development programme for high-potentials at Nyenrode University and SHV Holdings N.V. respectively. From 1992 until 2010, he worked for Makro (SHV Holdings NV) in various national and international management positions, before being appointed CEO of Metro AG in Russia. From 2015 until 2018, Mr Boone was member of the Management Board of Metro AG, where he fulfilled the role of COO. He was also a member of the APA in Germany. Since 2020, he has served as a Supervisory Board member at Sligro Food Group, and since 2021 as CEO of Pick n Pay Stores Ltd. Mr Boone is a Dutch citizen and does not hold shares in Beter Bed Holding N.V.

Governance

Corporate Governance

Beter Bed Holding N.V. is a public limited liability company incorporated under Dutch law and listed on Euronext Amsterdam in the Netherlands. The Company has a two-tier board structure, consisting of a Management Board and a Supervisory Board, both of which are accountable to the General Meeting for the performance of their duties.

The corporate governance structure is based on the articles of association, the Dutch Civil Code requirements, the revised 2016 Dutch Corporate Governance Code (hereafter referred to in this report as 'the Code'), applicable securities laws, and Euronext Amsterdam's respective rules and regulations.

BBH monitors and assesses the corporate governance structure to ensure compliance with the Code, applicable laws and regulations, and relevant developments. In the event of a substantial change to the corporate governance structure that affects compliance with the Code, shareholders will be informed at a General Meeting.

Management Board

BBH's Management Board represents the Company. The authorisation to do so is also granted to each member of the Management Board on an individual basis. Biographies of members of the Management Board can be found in the Management Board section (see page 57).

Role and responsibilities

The Management Board is responsible for the day-to-day management of BBH's operations, in addition to the continuity of the Company and the Company's goals, objectives, long-term value creation strategy, policy and results. In fulfilling its duties, the Management Board is guided by the Company's interests, and considers the interests of the stakeholders as a whole. The Management Board is accountable for its actions to the Supervisory Board and the General Meeting. The Management Board consults with the Supervisory Board on important matters. Decisions on such matters are then submitted to the Supervisory Board for its preapproval, as further described in the Company's articles of association, which are available on the Company's corporate website.

Composition and appointment

BBH's articles of association state that the Management Board must consist of one or more members. Each member of the Management Board is appointed for a maximum period of four years, with the possibility of reappointment for consecutive four-year terms in accordance with the Code. The General Meeting appoints the members of the Management Board, subject to the right of the Supervisory Board to make a binding nomination. The General Meeting may at all times, by a resolution passed with an absolute majority of the votes cast, representing more than one third of the issued share capital, resolve that the nomination submitted by the Supervisory Board is not binding. In such an event, the appointment of a member of the Management Board in contravention of the Supervisory Board's nomination requires a resolution of the General Meeting adopted with an absolute majority of the votes cast, representing more than one third of the issued share capital. A resolution of the General Meeting to suspend or dismiss members of the Management Board, other than by following a proposal from the Supervisory Board, requires an absolute majority of the votes cast, representing more than one third of the issued share capital. The Supervisory Board can suspend a member of the Management Board.

Management Board remuneration

The Supervisory Board determines each member of the Management Board's remuneration, following a proposal by the Remuneration Committee. This proposal is based on BBH's remuneration policy for the Management Board, which was most recently approved by the Annual General Meeting in 2020. The remuneration policy is subject to a binding vote of the General Meeting once every four years. The application of the remuneration policy is described in the remuneration report as part of the annual report, and is subject to an advisory vote at the General Meeting. Further information about the application of the remuneration policy and how it is applied can be found in the remuneration report (see page 80).

Conflict of interest

Members of the Management Board must report any potential or actual conflict of interest to the Chair of the Supervisory Board. The Supervisory Board shall decide whether a conflict of interest exists. The member of the Management Board who has a potential or actual conflict of interest shall neither participate in discussions nor decision-making about any subject or transaction about which the member in question has a conflict of interest. Decisions to enter into transactions under which members of the Management Board have conflicts of interest that are of material significance to the Company and/or to the relevant member(s) of the Management Board, require the approval of the Supervisory Board. In 2021, no conflicts of interest were reported.

Governance

Supervisory Board

During 2021, the Supervisory Board consisted of five members. All members are independent under the terms of best practice provision 2.1.7 to 2.1.9 inclusive of the Code. Biographies of members of the Supervisory Board can be found in the Supervisory Board section (see page 58).

Role and responsibilities

The Supervisory Board supervises the Management Board and BBH's general affairs, and supports the Management Board by providing advice. The Supervisory Board works constructively to support and advise the Management Board, and regularly discusses the Company's strategy, the implementation of the strategy, and the principal associated risks. In performing its duties, the Supervisory Board acts in the best interests of the Company and its stakeholders.

BBH's articles of association require that certain decisions taken by the Management Board be subject to the approval of the Supervisory Board. For further information on the Supervisory Board's activities in the area of corporate governance, please see the Report of the Supervisory Board (see page 77).

Composition and appointment

BBH's articles of association state that the Supervisory Board shall consist of a minimum of three members. Members of the Supervisory Board may be appointed for a maximum period of 12 years in accordance with the Code. The Supervisory Board appoints a Chair and a Vice Chair from among its members. The Supervisory Board members retire periodically in accordance with a rotation plan, which can be downloaded from BBH's corporate website. The Supervisory Board has the right to make a binding nomination to the General Meeting, which then votes to appoint the member(s) in question. The Supervisory Board provides BBH's Work Council with the opportunity, in good time, to advise the Supervisory Board about the draft list of candidates drawn up by the Supervisory Board, and does not adopt the list of candidates until the Works Council has issued such advice or indicated that it will not be issuing advice, or has not issued advice within a reasonable period of time. The full procedure of appointment and dismissal of members is outlined in articles 25-27 of BBH's articles of association. On 21 October 2021, it was announced that Mr Boone would be resigning as a member of the Supervisory Board with effect from 1 January 2022. As a result of Mr Boone's resignation, the Supervisory Board has consisted of four members since 1 January 2022.

The General Meeting may at all times, by a resolution passed with an absolute majority of the votes cast, representing more than one third of the issued share capital, resolve that the nomination submitted by the Supervisory Board is not binding. In such instances, the appointment of a member of the Supervisory Board in contravention of the Supervisory Board's nomination requires a resolution of the General Meeting adopted with an absolute majority of the votes cast, representing more than one third of the issued share capital. A resolution of the General Meeting to suspend or dismiss members of the Supervisory Board also requires an absolute majority of the votes cast, representing more than one third of the issued share capital.

Supervisory Board Committees

The Supervisory Board has three committees: the Audit Committee, Remuneration Committee, and Selection and Appointment Committee. Each of these committees is composed of members of the Supervisory Board. Their role is to assist and advise the Supervisory Board in fulfilling its responsibilities. For an overview of all activities performed by the committees, please refer to the Report of the Supervisory Board (see page 77). The tasks and procedures of each committee are outlined in the Supervisory Board regulations, which can be found on BBH's corporate website.

Supervisory Board remuneration

The remuneration of members of the Supervisory Board, together with the additional remuneration of the Chair and the members of its various committees, is determined by the General Meeting, and was most recently approved by the Annual General Meeting in 2020. The remuneration policy for the Supervisory Board must be submitted to the General Meeting every four years, the first time of which was in 2020. The remuneration (see page 77) (of individual members of the Supervisory Board can be found in the Report of the Supervisory Board. The remuneration policy can be found on the BBH's website.

Conflict of interest

Members of the Supervisory Board (excluding the Chair) must report any potential or actual conflict of interest to the Chair of the Supervisory Board. If the potential or actual conflict of interest involves the Chair of the Supervisory Board, it must be reported to the Vice Chair of the Supervisory Board. The Supervisory Board shall decide whether a conflict of interest exists. The member of the Supervisory Board who has a potential or actual conflict of interest shall neither participate in discussions nor decision-making about any subject or transaction about which the member in question has a conflict of interest.

Governance

Decisions to enter into transactions under which members of the Supervisory Board have conflicts of interest that are of material significance to the Company and/or to the relevant member(s) of the Supervisory Board, require the approval of the Supervisory Board. In 2021, no conflicts of interest were reported.

Diversity and inclusion

Beter Bed Holding N.V. strongly believes in creating an inclusive workplace that supports and promotes diversity. The Company seeks to achieve this across the organisation through its company-wide diversity and inclusion strategy. Beter Bed Holding N.V.'s diversity strategy is focused on comprehensive inclusion and equality approach throughout the organisation. Gender diversity is one of the key elements of this strategy. The Company has the following specific diversity objectives to improve the diversity within the Supervisory Board and the Management Board: i. maintaining a sound balance of nationality and cultural background within the Supervisory Board and the Management Board; ii. increasing the gender diversity within the Supervisory Board and the Management Board, such that at least 30% of the Supervisory Board and the Management Board will consist of women and at least 30% of the Supervisory Board and the Management Board will consist of men; and iii. increasing the age diversity within the Supervisory Board and the Management Board.

Diversity in the Management Board and Supervisory Board

The Management Board's composition is based on diversity of experience, background, skills, knowledge and insights. Following the approval of Mrs Gabrielle Reijnen as Statutory Director of the Company by the 2020 Annual General Meeting of the appointment, Beter Bed Holding N.V. has a 50% female representation on the Management Board. As such, it qualifies as gender balanced under the terms of article 2:166 of the Dutch Civil Code, as applicable during 2021.

The Supervisory Board established a profile regarding its own size and composition, taking into account the nature of BBH's business, its activities and the desired experience and expertise. In addition to the profile, the goals for diversity and inclusion aim to have a minimum of 30% female in the Supervisory Board. Following the appointment of Mrs Barbara van Hussen and Mrs Maaïke Schipperheijn as members of the Supervisory Board in 2021, the Supervisory Board is also in line with these gender-balance requirements. Furthermore, their appointment increased the age diversity as mentioned in the Company's diversity policy. Following the resignation of Mr Boone, effective from 1 January 2022, the Supervisory Board has a 50% female representation.

External independent auditor

Before being presented to the Annual General Meeting for adoption, the annual financial statements prepared by the Management Board must be examined by an external independent auditor. The General Meeting has the authority to appoint the external independent auditor. The Supervisory Board nominates the external independent auditor for appointment or reappointment by the Annual General Meeting, taking the Audit Committee's advice into account. The role and scope of the external independent auditor, together with the auditor's fee, are decided upon by the Supervisory Board on the recommendation of the Audit Committee. Prior to publication, the half-year results and reports, in addition to the annual financial statements, are discussed with the Audit Committee in the presence of the external independent auditor, and subsequently with the Supervisory Board.

The external independent auditor attends all Audit Committee meetings, in addition to Supervisory Board meetings during which the annual financial statements are to be approved and the year-end audit of the external independent auditor is discussed. The Audit Committee monitors the performance of the external independent auditor and the effectiveness of the external audit process, in addition to its independence. The Audit Committee reports on an annual basis to the Supervisory Board with regards to the functioning of the external independent auditor and the relationship with the external independent auditor, while also giving due consideration to the Management Board's observations. PricewaterhouseCoopers Accountants N.V. was appointed as the external independent auditor by the 2015 Annual General Meeting and has been reappointed by the Annual General Meeting every year since.

Internal Audit Function

BBH has an Internal Audit Function established by the Management Board that reports functionally to the Chair of the Audit Committee. The role of the internal audit function is to assess the design and operation of the internal risk management and control systems. The scope of work of the internal audit function is regulated by an Internal Audit Charter. In line with the Code, both the appointment and dismissal of the internal auditor must be submitted to the Chair of the Audit Committee for approval, with a recommendation issued by the Management Board. Furthermore, in line with the Code, the Management Board, senior management and the Audit Committee are involved in the preparation and approval of the annual internal audit plan. The annual internal audit plan is submitted to the Management Board and Audit Committee for approval.

Governance

General Meeting

The General Meeting is held at least once a year and takes place in Uden, Utrecht, 's-Hertogenbosch or Amsterdam, the Netherlands. General Meetings are convened by public notice on BBH's website. Recurring agenda items are: the compilation of the annual report, the adoption of the annual accounts, the release from liability of Management Board and Supervisory Board members, and the advisory vote on the execution of the remuneration policy during the present year. When deemed necessary in the interests of the Company, an Extraordinary General Meeting may be convened by resolution of the Management Board or the Supervisory Board. The minutes and the resolutions of the General Meeting are recorded in writing. The minutes are available to the shareholders on the Company's website no later than three months after the meeting. During 2021, two General Meetings were held: the Annual General Meeting on 12 May 2021, and the Extraordinary General Meeting on 16 December 2021. Further details of these meetings can be found on BBH's website.

Voting rights

Ordinary shares in Beter Bed Holding N.V. carry one vote per share. Neither the voting rights attached to the shares in the Company, nor the terms in which voting rights may be exercised, are restricted. The voting rights attached to any shares held by the Company are suspended as long as they are held in treasury. General Meeting resolutions are adopted by an absolute majority of the votes cast, unless a special majority exists under Dutch law or the Company's articles of association.

Special controlling rights

No special controlling rights are attached to the shares in the Company.

Agreements on limitations on the transfer of shares

Beter Bed Holding N.V. is not aware of any agreements with a shareholder that could give rise to any restriction on voting rights.

Significant agreements and changes in the control of the Company

Beter Bed Holding N.V. is not party to any major agreements that have been concluded, amended or dissolved subject to the condition of a change of control of the Company after a public bid under the terms of Article 5:70 of the Financial Supervision Act.

Amendment of the articles of association

The General Meeting may resolve to amend BBH's articles of association if it acts on a proposal by the Management Board that has also been approved by the Supervisory Board. Before making such a proposal to amend the articles of association, the Company will consult with Euronext Amsterdam N.V. regarding the content of the proposed amendment. The full procedure of amending the articles of association is explained in article 46 of the BBH's articles of association. A resolution of the General Meeting to amend the articles of association requires an absolute majority of the votes cast, irrespective of the share capital represented at the General Meeting.

Capital structure

The authorised share capital of Beter Bed Holding N.V. amounts to € 2,000,000 and is divided into 100,000,000 ordinary shares with a nominal value of € 0.02 each. On 31 December 2021 a total of 27,186,564 ordinary shares were issued and are outstanding.

Issue of shares

The Management Board may issue shares or grant rights to subscribe for shares if so designated by the General Meeting or the articles of association. This Management Board resolution is subject to the prior approval of the Supervisory Board. No resolution of the General Meeting or the Management Board is required for the issuance of shares pursuant to the exercise of a previously granted right to issue shares or to subscribe for shares.

On 12 May 2021, the Annual General Meeting passed a resolution extending the Management Board's authorisation to resolve to issue ordinary shares or grant rights to subscribe for such shares. The authorisation was granted for a period of 18 months from the date of the Annual General Meeting, and will be in effect until 12 November 2022. This authority is limited to 10% of the number of issued ordinary shares for general purposes, and authorises the restriction or exclusion of the pre-emption rights for existing shareholders for such issue or grant of rights. On 23 July 2021, the Management Board resolved to issue 946,167 ordinary shares against an issue price of € 6.82 per share.

Governance

Repurchase by the Company of its own shares

The 2021 Annual General Meeting resolved to authorise the Management Board to acquire shares in the capital of the Company up to 10% of the issued share capital, subject to certain conditions. The authorisation was granted for a period of 18 months from the date of the General Meeting, and will be in effect until 12 November 2022.

Cancellation by the Company of its own shares

The 2021 Annual General Meeting resolved to authorise the Management Board to cancel acquired shares in the capital of the Company up to 10% of the issued share capital, subject to certain conditions. The authorisation was granted for a period of 18 months from the date of the Annual General Meeting, and will be in effect until 12 November 2022.

Substantial holdings and short positions

Shareholders owning 3% or more of the issued capital and/or voting rights of a listed Company (a substantial holding or short position) are required to report this to the Netherlands Authority for Financial Markets (AFM) as soon as this threshold is reached or exceeded. The thresholds for substantial shareholding notifications are: 3%, 5%, 10%, 20%, 30%, 40%, 50%, 60%, 75% and 95% of the Company's issued share capital and/or voting rights. Shareholders that directly or indirectly own 3% or more of the Company's issued capital and/or voting rights were registered with the AFM as of 31 December 2021, and are listed in Substantial holdings under section Shareholder information (see page 69).

Compliance with the Code

Insofar as applicable, Beter Bed Holding N.V. complies with all the relevant provisions of the Code with the exception of provision 3.1.2. vi, which states that shares should be held for at least five years after they are awarded. Upon shareholder approval at the AGM of 16 December 2021, a one-time equity performance award with a holding period of less than five years was granted to Mr Kruijssen. The rationale for the holding period is to align the one-time award with Mr Kruijssen's extended term as Chief Executive Officer and member of the Management Board. For more information, please see the remuneration report (see page 80).

The provisions of the Code relating to 4.4 ('Issuing depositary receipts for shares') and 5 ('One-tier governance structure') are not applicable to the Company.

Risk Management

Risk management

General

Beter Bed Holding N.V.'s operations, which are based on the Group's strategic objectives, are affected by the management of a number of opportunities and risks. For this reason, we have implemented a risk management system to monitor and control the Group's most important risks. This involves applying a matrix that describes the risks, their financial and non-financial impact, the probability that they will occur, control measures, and the actions to be taken. This matrix is updated and discussed internally in the Audit Committee twice a year, and the key points are reported to the Supervisory Board.

Risk appetite

Beter Bed Holding N.V. operates in the bed and mattress segment. Beter Bed Holding N.V.'s risk appetite is based on the Company's operational results, financial position, and carefully considered financial management. Although our daily operations involve taking risks, Beter Bed Holding N.V. adopts a prudent and balanced approach to risk.

The opportunities and threats identified by Beter Bed Holding N.V. for both the Group as a whole and for the individual companies are determined during the annual budget cycle in economic, strategic and commercial terms. The budget is drawn up by Beter Bed Holding N.V.'s Management Board and is discussed with and approved by the Supervisory Board.

All business units report their financial results (revenue, margin, expenses and operating profit) and financial position to the Group on a monthly basis. These reports are discussed in monthly meetings held with the respective and responsible member of the Group Leadership Team, which ensures close monitoring of the various operations. The consolidated group reports are shared with the Supervisory Board on a monthly basis. To enhance the effectiveness of the various reports, we endeavour to achieve a high degree of uniformity in the various reports. The administrative and accounting records of the operations are maintained in the SAP (ERP) environment across the organisation.

Beter Bed Holding N.V. has also established an Internal Audit Function (IAF). The IAF has been placed externally, and is an independent and objective body that aims to contribute to the further professionalisation of the entire organisation (in accordance with the Internal Audit Charter). From a risk management perspective, the IAF is qualified as the '3rd line of defence', after the '1st line of defence' of operational management and the '2nd line of defence' of the internal control structure. The IAF's findings are discussed with both the Management Board and the Audit Committee.

The external independent auditor or '4th line of defence' reviews the Administrative Organisation and Internal Control (AO/IC) during the annual audit of the financial statements. The audit findings are discussed by the external independent auditor with both the Management Board and the Supervisory Board, including not in the presence of the Management Board.

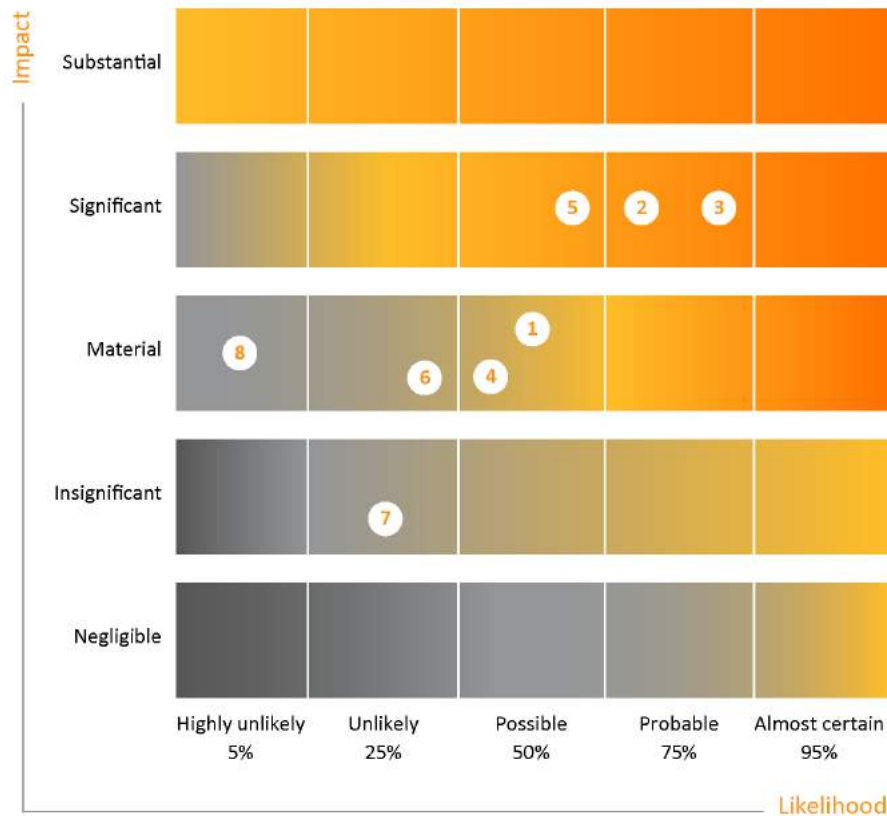
Strategic risks

The Company's success depends on its ability to achieve its strategic and financial objectives. Like any business, Beter Bed Holding N.V. could be impacted by or subject to the effect of different strategic risks that are beyond, or partly beyond, the Company's control or influence.

Twice a year and more often if necessary, potential risks including fraud risks are discussed within the Group Leadership Team (and subsequently with the Audit Committee and Supervisory Board). The objective of this self-assessment is to gain a deeper understanding into the (fraud) risks and the effectiveness of mitigating controls. Furthermore, the assessment increases the awareness on possible (fraud) risks. Finally, if needed, updates are made to for example the code of conduct, whistle-blower policy and the internal code on inside information.

The possible strategic risks, that could be of relevance, can be seen in the following grid on the next page.

Risk Management



These strategic risk factors can be summarised as follows:

1. **Key individuals** – the extent to which the Company is reliant on the people element, as opposed to the process and system elements.
2. **Information Technology and Data Management** – the extent to which strategic objectives and supporting IT infrastructure are optimally aligned.
3. **Corporate Social Responsibility** – political, social or economic developments that could impact industry and market expectations, and therefore also impact on the Company's reputation or operations.
4. **Catastrophe** – resilience and ability to respond to catastrophic events that could threaten the organisation's operations.
5. **Talent** – ability to attract and retain the requisite skills and knowledge to realise change.
6. **Customer** – changing customer demands that could impact on profitability.
7. **Liquidity** – issues relating to the timely and/or sufficient availability of capital/liquidity to realise strategic ambitions within the desired timelines.
8. **Fraud** – the bypassing of internal control procedures that could result in fraudulent activities by employees.

This list should not be considered a complete list of potential risks that the Company could face.

In addition to these strategic risks, various other principal risks applicable to Beter Bed Holding N.V. and its affiliated operating companies can be summarised as follows:

Financial risks relate to the failure to generate revenue due to the entry of new competitors, together with the introduction of new products, brands and sales models. The positioning, product range, pricing and service level of the various retail brands in their own markets are continually refined on the basis of frequent, extensive and thorough customer research, market information, and competition analysis.

The Company also follows a proactive omni-channel strategy that has been elaborated and tailored to customers' wishes in each country. This strategy allocates an express role to the stores in combination with their respective online store and strategic web partners whenever possible.

Risk Management

Operational risks are identified by the Group with respect to supplier side consolidation, which could affect margins and supplies. To mitigate this possible risk, internal agreements exist with regards to the maximum share in revenue that an individual supplier can have within the Group. In addition, regular consultation takes place at the highest executive level (Management Board) with the principal suppliers. The organisation also applies an extensive system of supplier management, which enables the continuous monitoring of the performance of individual suppliers, in addition to the early identification of potential issues with suppliers. Moreover, the product range sources from one supplier can in principle be transferred to another supplier within an acceptable timeframe.

Legal risks relate to non-compliance with legislation and regulations in various fields, including product liability, customer protection and reporting. These risks are mitigated by systematically requesting advice from experts with the relevant knowledge, including legal specialists, tax specialists and accountants. In addition, audits are conducted regularly. Beter Bed Holding N.V. is not prepared to take risks relating to non-compliance with legislation and regulations.

Social risks primarily relate to damage to the Group's image and reputation as a result of defective products or irresponsible actions in a broader sense. It should be noted that the Group does not manufacture products for the product range. Appropriate control systems ensure that our products meet the applicable requirements, and Beter Bed Holding N.V. accepts no risks related to safety. The organisation has adopted codes of conduct in various fields to ensure responsible conduct in this regard. Our corporate culture, in which integrity and ethical business conduct are core values, makes a significant contribution to the mitigation of risks. Furthermore, the Company has also adopted a whistleblowers' policy.

Other operational risks relate to the availability of information systems that support our core operations and the availability of logistics facilities. These risks are mitigated by designing the IT architecture in such a way that backups can continually be made of data in all our back office systems. This in turn ensures that our external IT infrastructure will be operational within the timeframe required for continuity purposes in the event of an emergency. System integrity is monitored by applying a clear release policy and strict change management procedures. Logistics risks relate largely to the situation in the Netherlands, where the distribution centres (DCs) are in operation. Should an emergency occur at one of these DCs, the other ones can serve as backups. Furthermore, each DC also has an individual business continuity plan.

Financial reporting

Financial reporting at Beter Bed Holding N.V. is structured within a tight framework of budgeting, reporting and forecasting. A distinction is made between reports for internal and external use. External reporting at group level consists of an annual report, which includes financial statements audited by the external independent auditor, as well as a half-year report, which contains summarised financial information. External reports are based on the internal financial reporting, in accordance with EU-IFRS.

Tax

Beter Bed Holding N.V. has adopted tax principles. The main principles are that Beter Bed Holding N.V. maintains an open relationship with the tax authorities in the countries in which it operates, agrees on tax rulings solely to confirm the correct interpretation (and application) of the tax rules and tax laws, and does not adopt tax arrangements, be it normal or not, focused exclusively on tax avoidance. Beter Bed Holding N.V. has signed a compliance agreement with the Dutch Tax and Customs Administration with regards to 'horizontal monitoring'. This ensures that any tax issues are discussed openly and on the basis of full transparency. The Management Board reports on relevant tax issues to the Audit Committee.

Independent auditor's report

The external independent auditor assesses the internal control measures relating to the financial statements to the extent required for an efficient and effective audit approach. It reports its findings to the Management Board and the Supervisory Board in its management letter and independent auditor's report (see page 133), respectively.

Risk Management

Management Board Statement

Based on the aforementioned information and considering the limitations inevitably associated with any internal risk management and control systems, the Company's systems provide the Management Board with a reasonable degree of security with regard to financial risks that the financial statements do not contain any material misstatements, and that the annual report gives a true and fair view of the situation on the balance sheet date and the developments during the year under review. The risk management and control systems operated properly during the year under review, and there are no indications that this situation should change in the current year. With regard to the other risks, the Company maintains a risk management and control system adapted to the Company's size, which also performed adequately during the year under review.

The Management Board declares that, to the best of its knowledge, the 2021 annual report provides a true and fair view of the situation on the balance sheet date, developments during the financial year of Beter Bed Holding N.V. and those of its affiliates whose details are included in its financial statements, together with expected developments, with regard to which special attention is paid to investments and conditions on which developments of revenue and profitability depend, unless this conflicts with vital interests. The Management Board also declares that, to the best of its knowledge, the 2021 financial statements provide a true and fair view of the assets, liabilities, financial position at the balance sheet date and the result of Beter Bed Holding N.V. and the companies included in the consolidation of the financial year.

Outlook statement

Outlook statement

In May 2021, we launched our new strategy to future-proof our business and deliver sustainable growth for long-term value creation. This requires to constantly navigate the 2025 transformation with the short-term financial delivery under fast-changing external circumstances. We are proud of the progress made in 2021, witnessed by the strong performance of our company during the second year of the global pandemic.

Reflecting our confidence we intend to convert the planned gross margin improvements into customer pull strategies and to increase our investments in branding activities, digitisation and sustainability, resulting in an expected stable gross margin for 2022. Overall, even though there is increased uncertainty given current and evolving economic and input cost circumstances, our 2022 plans assume growth in line with our new 2025 Strategy.

Uden, the Netherlands, 10 March 2022

A.J.G.P.M. Kruijsen,
CEO

G.E.A. Reijnen,
CFO

Shareholder information

Shareholder information

Investor Relations policy

Beter Bed Holding N.V. aims to keep private and institutional investors informed by providing them with equal and simultaneous information on the Company's performance and prospects. In doing so, BBH engages with shareholders and other investors (together called 'investors') and analysts in formal meetings as well as outside such meetings. Events organised by BBH that are open to analysts and investors are announced in advance on our corporate website. Analysts and investors that are invited are given the opportunity to follow the meetings by telephone or virtually. Presentations given during these meetings – if any – are posted on our website. The Investor Relations policy is also available on our website.

If inside information is disclosed during a meeting or conference call, this information shall be made public without delay. BBH shall not disclose inside information during bilateral contacts with analysts or investors. BBH considers each and every reasonable request for contact seriously, and will determine – at its sole discretion – whether it will accept invitations from its shareholders, or parties representing shareholders, to engage in a dialogue. BBH is committed to a corporate governance structure that best suits its business and stakeholders.

Financial calendar

11 March 2022	2021 Full-year results, publication of the 2021 Annual Report
22 April 2022	Q1 2022 Trading update
11 May 2022	2022 Annual General Meeting
22 July 2022	Q2 2022 Trading update / 2022 Half-year results
21 October 2022	Q3 2022 Trading update
20 January 2023	Q4 2022 Trading update

The most recent financial calendar is available on www.beterbedholding.com.

Dividend policy

On 10 March 2022, the Management Board, with the approval of the Supervisory Board, adopted a new dividend policy that is to be applied on any profits over the financial year 2021 and subsequent years thereafter (until adjusted). The policy is available on BBH's corporate website and will be discussed during the Annual General Meeting of Shareholders (AGM) to be held on 11 May 2022.

BBH's revised dividend policy focuses on maximising shareholder value while maintaining a healthy capital position. On an annual basis, the Supervisory Board, on proposal of the Management Board, will assess the amount of dividend that will be proposed to the AGM. There are two main elements of the dividend policy:

- Determination of the dividend is based on the Company's assessment of its underlying cash flow position and the profit that it has to retain in order to carry out its plans for the medium to long term, while maintaining solvency of at least 30% and net interest bearing debt / EBITDA below 2.0x.
- Subject to stable financial conditions BBH's policy is to target a dividend payout of at least 30% of normalised net profit from continuing operations.

Definition of normalised net profit in relation to dividend policy

Normalised net profit from continuing operations is defined as profit attributable to equity holders adjusted net for tax for significant one-offs and special items.

Definition of solvency in relation to dividend policy

Solvency is defined as equity, divided by total assets adjusted for non-current and current lease liabilities.

Definition of net debt / EBITDA in relation to dividend policy

Leverage is defined as net interest bearing debt, divided by EBITDA adjusted for depreciation and amortisation of right-of-use assets relating to leases.

Shareholder information

As a result of the strengthening of its financial position and its financial performance in 2021, BBH proposes a cash dividend of € 0.15 per ordinary share for the financial year 2021 (2020: € 0.00), reflecting the Company's ambition of sustainable growth in the dividend per share. This will be proposed to the AGM to be held on 11 May 2022.

Substantial Holdings

In compliance with chapter 5.3 of the Dutch Financial Supervision Act the following holdings have been included in the Substantial Holdings register of the Netherlands Authority for the Financial Markets (AFM) as per 31 December 2021.

Shareholder	Date of notification	Share
Navitas B.V.	30-12-2021	16.81%
"De Engh" B.V.	24-07-2020	10.99%
Teslin Participaties Coöperatief U.A.	24-07-2020	10.18%
ASR Nederland N.V.	06-10-2008	6.64%
Ameriprise Financial Inc.	08-09-2011	4.72%
Harrison Associates L.P.	19-02-2010	4.58%

General

Beter Bed Holding N.V. shares are quoted on Euronext Amsterdam in the Netherlands under symbol BBED and security code NL0000339703. The number of shares outstanding at the end of 2021 totalled 27,186,564. Shares repurchased and not yet cancelled totalled zero at the end of the year. BBH did not hold any treasury shares as at 31 December 2021.

Share price

The graph below shows BBH's share price development during 2021.



Earnings per share

During 2021, BBH realised a total basic earnings per share of € 0.52 (€ 0.32 in 2020) and a total diluted earnings per share of € 0.50 (€ 0.31 in 2020). The average number of shares used to calculate earnings per share is 26,660,340. The number of shares used to calculate the diluted earnings per share is 27,693,110. The earnings per share from continuing operations are € 0.47 (€ 0.37 in 2020) and diluted earnings per share from continuing operations of € 0.45 (€ 0.36 in 2020).

Paper Bed

100% cardboard bedroom products.
Affordable, comfortable and durable.



Case study - Princess Máxima Centre

Good sleep is vitally important

Beter Bed Holding is proud to support the Princess Máxima Centre for paediatric oncology in its mission to care for children with cancer and conduct research into paediatric cancer. A good night's sleep is vital for a patient's recovery. With the help of the Company, which has been sharing its sleep expertise and donating beds and other products since 2017, the research hospital is currently developing an innovative sleep care pathway. "By undertaking this work, we're able to help children and their parents get a good night's sleep, even when they're going through an incredibly difficult time," says paediatrician Raphaële van Litsenburg.

All the around 600 children that are diagnosed with cancer in the Netherlands every year are treated at the Princess Máxima Centre in Utrecht. Children with cancer often experience sleep problems before, during and after their treatment – be it as a direct result of having a tumour, due to the treatment they receive, or as a consequence of the emotional stress they feel during this intense and traumatic time.

According to Van Litsenburg, who specialises in paediatric cancer and is the lead for research into sleep and fatigue at the Princess Máxima Centre, it is still all too often the case that patients struggle with unnecessary sleep problems: "Many teenagers and young adults with cancer, or who have survived cancer, have a lot of difficulty with sleeping and need help. The problem is that they don't know where to find it."

The sleep care pathway

Unfortunately, too little attention is generally paid to sleep in medical training. The pathway, which was designed in partnership with Beter Bed, is helping to remedy this knowledge gap by drawing attention to education and prevention. "All healthcare providers helping children have to take the importance of sleep into account," says Raphaële van Litsenburg. "From doctors, nurses and psychologists, to social workers, teaching staff and physiotherapists."

During the training programme, health care providers learn how to identify the various different types of sleep disorders that exist, and then provide the correct treatment and advice. As part of this work, they also have to be able to identify whether the problem is a complex one. This means that children can, if necessary, be referred to a sleep care specialist in good time.



A dedicated sleep polyclinic

Over the next three years, doctor Van Litsenburg is going to build a multi-disciplinary sleep team that will help ensure that sleep becomes an integral part of health care at the Centre: "The approach towards sleep disorders has to go hand in hand with the oncological treatment and the effects of this. Specific symptoms occurring in children with cancer that are associated with poor sleep, such as pain and nausea, have to be a part of this. It's therefore very helpful that they can be referred to our own dedicated sleep polyclinic."

"Children with cancer often have sleep problems, before, during and after treatment."

Case study - Princess Máxima Centre

Comfortable sleeping environment

Doctor van Litsenburg believes there is still much to discover about sleep as part of good health, together with diet and exercise, which are also major focusses at the Princess Máxima Centre. “Our doctors work with physiotherapists, who help the children here to continue to exercise despite their sickness. Our catering team provides healthy meals that the children enjoy. And it’s increasingly clear that a good night’s sleep is a vital third pillar of recovery.”

A number of changes have been made at the Princess Máxima Centre so that children staying there can get a better night’s sleep. One such example is to ensure that there is a clear day and night cycle, to which care is adapted. A comfortable sleeping environment can also improve the quality of sleep. To this end, the hospital has introduced parent-child rooms so that families can continue to sleep together.

Good mattresses for a better night’s rest

Beter Bed has donated beds, mattresses from M line, and other materials such as flannel sheets, for the adult parts of the 87 parent-child rooms. “We also pay close attention to the parents’ quality of sleep,” says Van Litsenburg. “They too often suffer from a lack of sleep due to the circumstances. This makes it more difficult for them to make complex medical decisions for their children. Our rooms are designed so that the parents can sleep as soundly as possible.”

Another benefit of working together is that Beter Bed has been able to obtain insights into sleep behaviour in a hospital environment – insights that can be used to further develop new sleep solutions that aid health and recovery. Priority number one of the partnership, is to help prevent any child suffering from sleeping problems during their time at the Princess Máxima Centre. “And if a child does suffer from sleep problems, it’s important to identify and treat this as soon as possible, so that their quality of life can be improved.”

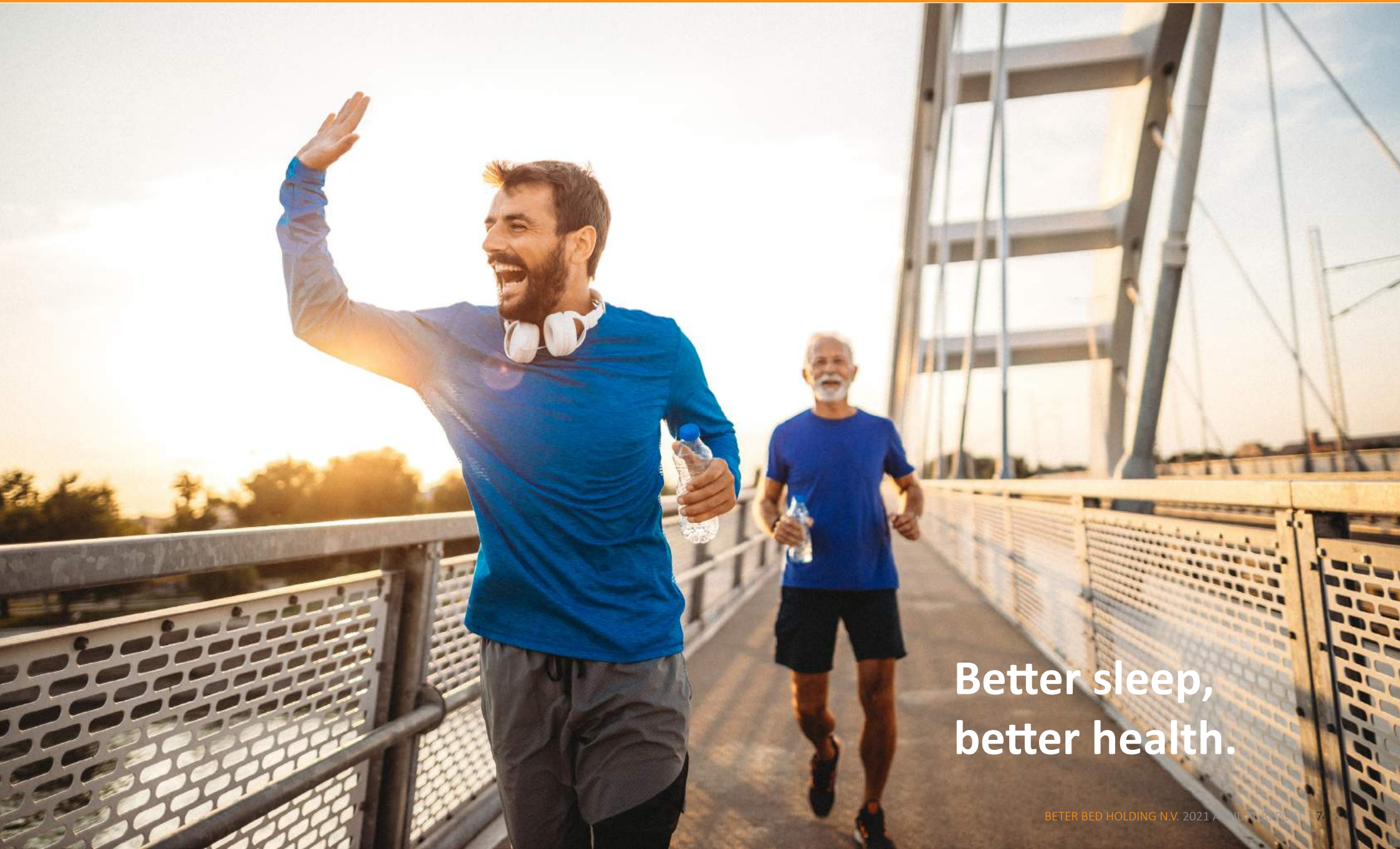


Raphaële van Litsenburg (1980) is a paediatrician specialising in paediatric oncology. She leads research into sleep and fatigue at the Princess Máxima Centre, where children from across the Netherlands are treated for cancer.

“It is becoming increasingly clear that a good night’s sleep affects recovery.”



Report of the Supervisory Board



Better sleep,
better health.

Foreword by the Chair of the Supervisory Board

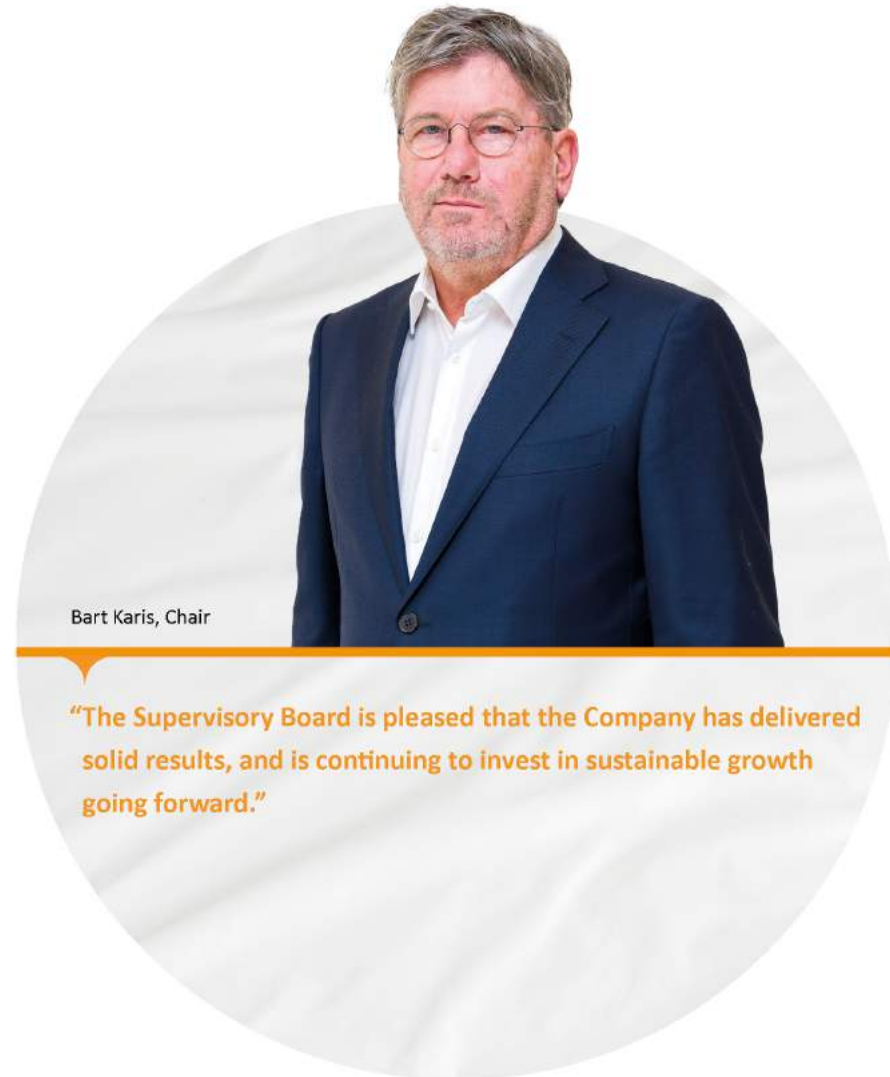
Looking back on 2021, as Chair of the Supervisory Board I am happy that BBH had a solid year from an operational, financial and strategic perspective. This is a significant achievement given the challenges of operating during a global pandemic that continues to impact society, commerce and the economy in so many ways, and is a reflection of the effective way that the Company has put the customer first at all times.

Under the leadership of CEO John Kruijssen and CFO Gabriëlle Reijnen, BBH showed resilience during 2021 from both a commercial and financial perspective. Being able to manage competing short-, medium- and long-term priorities is one of the most important facets of leadership, and is critical to performance. Throughout the COVID-19 pandemic, the Management Board, in close collaboration with the Group Leadership Team, has successfully balanced day-to-day operational decisions with future challenges and opportunities.

As a result of prudent management during unprecedented times, BBH is in a strong financial position, which is reflected in a net cash position today. The Supervisory Board is also pleased that the Company has delivered solid results, and is continuing to invest in sustainable growth going forward.

In particular, our Board welcomes the way in which BBH has transformed, with a hybrid business model to reflect new customer journeys combining online and in store visits. Moreover, we are impressed with the other ways in which the Company continues to innovate, from sustainable products that will help BBH to reduce its environmental footprint to the opening of its new Beter Bed Experience store in Groningen, the success of which we look forward to seeing replicated across BBH's markets.

Our Board has been closely involved at all key stages in the formulation of BBH's sustainability strategy. This is a strategy for real, meaningful change across the business and will remain a priority for the Supervisory Board in the years to come. We are especially pleased that sustainability KPIs now feature on the performance scorecards for managers at different levels throughout the organisation. This mechanism will further drive change and underlines BBH's commitment to becoming a more sustainable company.



Bart Karis, Chair

"The Supervisory Board is pleased that the Company has delivered solid results, and is continuing to invest in sustainable growth going forward."

Foreword by the Chair of the Supervisory Board

On behalf of the Supervisory Board, I would like to express my admiration and thanks to the whole BBH team for their hard work throughout the year, particularly during lockdown. I had the pleasure of meeting BBH employees during the year and never failed to be impressed by their shared commitment to BBH's customers and other stakeholders. While culture can be hard to define and even more difficult to measure, its impact cannot be underestimated. And the customer-centric culture at BBH is unquestionably one of the Company's many strengths. Among those strengths is BBH's works council, which performs an important role supporting employees at the Company. We value our engagement and relationship with the Council, and appreciate the insights they provide.

I would like also to express my thanks to my Supervisory Board colleagues for their support and contribution during 2021. I believe that we as a Board provide the requisite oversight and scrutiny of management decisions, while also acting as a willing and open partner for the Management Board during our many interactions. A special word of appreciation goes to our Supervisory Board colleague Pieter Boone, who stepped down for personal reasons. Our Board and BBH benefitted greatly from his wise counsel and commitment, and we wish him the very best for the future in his position as CEO of one of the largest retailers in South Africa.

We also thank CEO John Kruijssen for the instrumental role he has played in helping to transform the Company, deliver much improved financial results, and drive an ambitious strategy for future growth. I am happy that John has chosen to continue leading BBH for another term as CEO. His reappointment provides both continuity of leadership at a time of continued change and a clear vision for BBH.

We continue to have confidence in how BBH is performing. The Company has the right leadership, the right team, the right strategy and above all the right mission. We look forward to working with the Management Board this year as they continue in that mission to help people get the high-quality sleep they deserve.

Bart Karis,
Chair of the Supervisory Board

Uden, the Netherlands, 10 March 2022

“On behalf of the Supervisory Board, I would like to express my admiration and thanks to the whole BBH team for their hard work throughout the year, particularly during lockdown. ”

Report of the Supervisory Board

General

As of 1 January 2022, the Supervisory Board consisted of Mr B.E. Karis (Chair), Mrs B.M.A. van Hussen (Vice Chair), Mr A. Beyens and Mrs M.C. Schipperheijn. Biographies of the respective members of the Supervisory Board are included in the Supervisory Board section (see page 58). All Supervisory Board members are independent in accordance with and with respect to the Dutch Corporate Governance Code.

Supervisory Directors are appointed for a period up to and including the day of the first Annual General Meeting that is held four years after their appointment. Supervisory Directors retire periodically in accordance with a schedule drawn up by the Supervisory Board. The current retirement by rotation schedule is as follows:

Supervisory Director	Appointed	Retirement/ reappointment
B.E. Karis	03-12-2018	2023 AGM
B.M.A. van Hussen	13-05-2020	2024 AGM
A. Beyens	03-12-2018	2023 AGM
M.C. Schipperheijn	13-05-2020	2024 AGM

Mr P.C. Boone stepped down from the Supervisory Board on 31 December of the financial year. The Supervisory Board and Management Board are very grateful for his valuable contribution and commitment during his three years on the board, and wish him well for the future.

2021 Results

The Supervisory Board closely monitored the development of Beter Bed Holding N.V. and, more specifically, the execution of its strategy, sustainability strategy and the development of its first Beter Bed Experience store in Groningen.

The development of revenue and order intake in the Benelux and in New Business were solid despite the initial impact in the first quarter and in December 2021 following the COVID-19 lockdown announcements in the Netherlands. The continued sales growth achieved in the Benelux, the increase in online sales, the divestment of Sängjätten in Sweden, and the acceleration of DBC all demonstrate that the Group's sharpened strategy is delivering results.

The Supervisory Board remains convinced that having built on the successful restructuring in 2019 with a significantly improved commercial performance in 2020 and 2021, the Group has much more to deliver in the coming years. Further investments in the digitalisation of the Group, enhancements to the store formats, a next step in warehousing and logistics, and new business models will all help to further grow the business and its profitability, although delivering this will take time, dedication and investments. For this reason, sound strategic thinking, excellent operational implementation and very secure financial management are required to ensure that this journey can be completed in a timely way.

Financial statements and discharge

The 2021 financial statements were prepared by the Management Board and approved by the Supervisory Board. The external independent auditor, PricewaterhouseCoopers Accountants N.V., subsequently issued an unqualified auditor's report on these financial statements. This report is included in the independent auditor's report in the section other information (see page 132). The Supervisory Board discussed the financial statements in detail in the presence of the Management Board and PricewaterhouseCoopers Accountants N.V.

The Management Board, with the approval of the Supervisory Board, proposes to adopt these financial statements at the Annual General Meeting to be held on 11 May 2022, and to discharge the members of the Management Board in respect of their management, and the members of the Supervisory Board in respect of their supervision, with regard to the financial year 2021.

Composition of the Supervisory Board

Supervisory Board members are appointed by the General Meeting. The Supervisory Board aims for an appropriate balance in terms of knowledge of, and experience with, the Group's operations. The Supervisory Board has established three committees: the Audit Committee; the Remuneration Committee; and the Selection and Appointment Committee. Information about the responsibilities of the respective Supervisory Board members can be found in their biographies (see page 58).

Report of the Supervisory Board

Activities of the Supervisory Board

In 2021, the Supervisory Board was closely involved and actively participated in developments related to Beter Bed Holding N.V. and its subsidiaries. During the reporting year, the Chair frequently liaised with the Management Board in preparation for the meetings between the Supervisory Board and the Management Board. Eleven meetings (which were a combination of in-person and virtual meetings) took place between the Management Board and the Supervisory Board in 2021. Frequent calls were also held to ensure the Supervisory Board was fully up to date with respect to the challenges and developments posed by the COVID-19 pandemic.

The table below shows the attendance of Supervisory Board members at Supervisory Board meetings, conference calls and Committee meetings. In the event of not being able to attend a meeting, Supervisory Board members provided comments and views on the meeting documents in writing in advance.

	SB meetings	AC meetings	RC meetings	SAC meetings
B.E. Karis	100% (11/11)	-	100% (3/3)	100% (1/1)
B.M.A. van Hussen	100% (11/11)	-	100% (3/3)	100% (1/1)
A. Beyens	91% (10/11)	100% (3/3)	-	-
M.C. Schipperheijn	100% (11/11)	100% (3/3)	-	-
P.C. Boone ¹	82% (9/11)	67% (2/3)	100% (3/3)	100% (1/1)

¹ Stepped down as Supervisory Board member as per 31-12-2021.

Supervisory Board members perform an assessment of the functioning of the Supervisory Board, the Supervisory Board Committees and the individual Supervisory Board members on an annual basis. In 2021, the members of the Supervisory Board performed the assessments with structured questionnaires prepared in coordination with the Company. The assessment of the Chair of the Supervisory Board was led by the Vice Chair of the Supervisory Board without the Chair being present.

During 2021, the Supervisory Board monitored the performance of the Management Board members in the Supervisory Board-only meeting(s). Following the discussions during the year and the assessment, the Supervisory Board provided feedback to the Management Board. The Supervisory Board concluded that the relationship between Management Board and Supervisory Board was effective and constructive, while also sufficiently critical.

The performance of the Management Board and the implementation of the remuneration policy for the Management Board were discussed in meetings without members of the Management Board being present. Consultation also took place in individual interviews about the performance of the members of the Management Board.

Throughout the year, the Supervisory Board received regular, timely and detailed verbal and written updates from the Management Board. Extensive attention was paid to the operating results of the various formats, in particular at times when the COVID-19 pandemic was having a material impact on society and the Group, in addition to the implementation of the Group's strategy.

During the first quarter of 2021, the Management Board and the Supervisory Board again intensified their contact as a result of the COVID-19 pandemic lockdown in the Netherlands. The Management Board informed the Supervisory Board about important developments in the business, such as the continued safety of employees and customers alike, customer traffic, order intake, sales, effect on gross margin, cost initiatives, employee sickness, and liquidity scenarios. Online growth was a recurring topic on the agenda of the Supervisory Board which resulted in the launch of digital organisation LUNEXT. The Supervisory Board also visited the first Beter Bed experience store where the new sustainability strategy was presented.

The Supervisory Board also met with Beter Bed's works council and members of the Group Leadership Team, in addition to the independent external auditor PricewaterhouseCoopers Accountants N.V. on a number of occasions. This included in March 2021 to discuss the results for 2020 and the audit findings; in July 2021 to discuss the half-year results; and in December 2021 to discuss the strategic risk assessment. The budget for 2022 sets out the Company's operational and financial objectives, together with the policies that should ensure that these objectives are achieved. The Supervisory Board regulations can be found on BBH's website.

Report of the Supervisory Board

Audit Committee

In 2021, the Audit Committee was comprised of Mrs Schipperheijn (Chair), Mr Beyens and Mr Boone. The composition of the Audit Committee is in accordance with the provisions of the Dutch Corporate Governance Code, with Mrs Schipperheijn serving as financial expert. As of 2022 the Audit Committee consists of Mrs Schipperheijn (Chair), Mr Beyens and Mrs Van Hussen.

The Audit Committee's duty is to advise the Supervisory Board on, and to assist it in, its responsibility to monitor the Company's compliance with reporting and corporate governance requirements.

The Audit Committee convened on three occasions in the financial year 2021. During one of these meetings, the Audit Committee conducted a meeting with the external independent auditor without the Management Board being present.

The Audit Committee discussed the financial statements, the report of the Management Board, and the management letter with the Management Board and the external independent auditor from PricewaterhouseCoopers Accountants N.V. The Audit Committee also focused on the audit plan, compliance with previous recommendations, tax positions, liquidity and funding, and the Group's risk management and control system. In addition, discussions took place between the Internal Auditor and the Chair of the Audit Committee. The Audit Committee regulations can be found on the BBH's website.

Remuneration Committee

In 2021, the Remuneration Committee was comprised of Mr Boone (Chair), Mr Karis and Mrs Van Hussen. As of 2022, the Remuneration Committee consists of Mrs Van Hussen (Chair), Mr Karis and Mrs Schipperheijn. In 2021, three committee meetings were held. Led by the Remuneration Committee, the Supervisory Board engaged in a process to develop an incentive award that it believed to be in the best interest of the Company, and all of its stakeholders, including the Company's shareholders, with the goal of extending Mr Kruijsen's tenure as CEO. The Remuneration Committee also discussed the performance and remuneration of senior management. For more information, please see the Remuneration report (see page 80). The Remuneration Committee regulations can be found on BBH's website.

Selection and Appointment Committee

The Selection and Appointment Committee informs the Supervisory Board with regard to decision-making on selection and appointment of members of the Management Board and the Supervisory Board, and shares its deliberations and findings to the Supervisory Board. In 2021, the Selection and Appointment Committee was comprised of Mr Karis (Chair), Mr Boone and Mrs Van Hussen. As of 2022, the Selection and Appointment Committee consists of Mr Karis (Chair), Mrs Schipperheijn and Mrs Van Hussen. In 2021, one such committee meeting was held. The Selection and Appointment Committee regulations can be found on BBH's website.

Conclusion

In 2021, the Group was able, despite the effects caused by COVID-19, to secure a healthy and significant recovery of performance in sales, gross margin and cash, resulting in solid financial results. The Company successfully communicated a new company strategy, arranged a refinancing of its banking facilities, divested its Swedish operations, repaid the perpetual loan, issued new shares, and successfully developed a sustainability strategy that it is now implementing across the business.

Looking ahead, our primary concern will continue to be safeguarding the health and well-being of BBH's customers and employees alike. While the economic climate remains uncertain, we are confident that the Group is continuing to make good progress in the execution of its strategy.

Nothing can be achieved without the passionate and committed contribution of the Company's employees and stakeholders, particularly during such a challenging time as the COVID-19 pandemic. The Supervisory Board is therefore very grateful to everyone within the Group for their relentless passion, energy and contribution in realising the Company's objectives.

Uden, the Netherlands, 10 March 2022

B.E. Karis, Chair
B.M.A. van Hussen, Vice Chair
A. Beyens
M.C. Schipperheijn

Remuneration report

Remuneration report

This report provides an overview of the remuneration policy as approved by the Annual General Meeting of Beter Bed Holding N.V. in 2020 (remuneration policy) and explains how this policy has been put into practice over the past financial year. The first section details remuneration of the individual members of the Management Board. The second section describes the remuneration of the Supervisory Board. This is followed by an outlook for 2022.

This remuneration report is intended to reflect the reporting requirements as stated in article 2:135b of the Dutch Civil Code (DCC), which came into effect on 1 December 2019, and implements the EU Shareholder Rights Directive II (SRD II), which came into effect on 3 April 2017. One of the key objectives of SRD II is to provide greater transparency for company stakeholders, which is something BBH fully supports and strives to achieve at all times.

Key considerations

This section describes the key considerations that the Remuneration Committee takes into account when designing pay programmes and making compensation decisions.

2021 was another extraordinary year during which many retailers such as BBH faced considerable challenges. Despite overall company results being negatively impacted by the lockdowns, management moved quickly to reduce costs, preserve cash, and manage the liquidity, which strengthened our capacity to work through the uncertainties triggered by the pandemic. BBH proved to be resilient as a result of formulating effective responses to the COVID-19 crisis, with the efforts of BBH's dedicated employees, supported in their work by committed suppliers, earning the continued loyalty of existing customers and attracting many new customers. Throughout the pandemic, the Management Board has shown decisive and proactive leadership by taking actions across the Company to maintain continuity, manage risks and proactively mitigate the adverse financial impacts of COVID-19. While market conditions during 2021 were challenging, the Company articulated an ambitious new company strategy, arranged a refinancing of its banking facilities, repaid the perpetual loan, and developed a new sustainability strategy.

At Beter Bed Holding N.V.'s Extraordinary General Meeting (EGM) of 16 December 2021, John Kruijsen was reappointed as Chief Executive Officer (CEO) and member of the Management Board of Beter Bed Holding N.V. (the Company or BBH), for a period up and until the end of the Annual General Meeting to be held in 2026. In total 99.86% of the votes were in favour of the reappointment.

During 2021, the Management Board's remuneration was implemented in accordance with the remuneration policy. To ensure that remuneration is linked to performance, a proportion of the remuneration package is variable and dependent on the short-term and long-term performance of the individual member of the Management Board and the Company. The Supervisory Board exercised its discretionary power to temporarily derogate from the policy by granting a one-time equity performance grant.

Primary remuneration elements for 2021

The table below outlines the primary elements of our Management Board remuneration programme. In 2020, the remuneration policy was approved, replacing the share option plan with a performance share unit (PSU) plan.

	Salary	Bonus	PSUs - annually	PSUs - One-time equity performance grant
Who receives it	Management Board members			CEO
When granted	Reviewed every 12 months	Annually, for reported financial year	In general on an annual basis in Q1	16 December 2021
Form of delivery	Cash		Equity	
Type of performance	Short-term emphasis		Long-term emphasis	
Performance period	Ongoing	1 year	3 years + 2 years additional holding period	Tranche 1: 2 years + 2 years holding period Tranche 2: 4 years
How payout is determined	Committee judgement	Formulaic & Committee judgement	Formulaic; committee verifies performance before payout	Formulaic; committee verifies performance of the Company before payout
Most recent performance measures	N/A	Financial KPIs: Revenue growth (30%), Gross margin (20%), EBITDA (30%), Free cash flow (20%); and qualitative objectives not driven by financial KPIs	ROCE (50%), Customer satisfaction-NPS (50%)	Both Revenues and EBITDA-margin

Remuneration report

Peer group

In principle, the remuneration level is validated by a benchmark comparison once every three years, and reviewed annually. This helps to determine the overall competitiveness of the Management Board's remuneration. The selection of the peer group is discussed and approved by the Supervisory Board. For years during which no benchmark is performed, the Supervisory Board considers the appropriateness of any changes to the base salary based on the market environment, in addition to the average salary adjustments of the Company's employees in the Netherlands. Assisted by the external strategic advisory firm Focus Orange, the Remuneration Committee in 2020 adopted a peer group for compensation benchmarking purposes. This resulted in a benchmark comparison of Beter Bed Holding N.V.'s remuneration with that of a peer group of other Dutch small-cap companies.

Summary of Management Board's remuneration

During 2021, the Management Board was composed of Mr John Kruijssen - CEO, and Mrs Gabrielle Reijnen - CFO. The table at the bottom provides a summary of the Management Board's remuneration.

Base salary

Base salaries for members of the Management Board depend on the scope of their responsibilities, and are based on the knowledge, insight and experience of the individual. The Supervisory Board sets a market competitive base salary for each member of the Management Board. Salary levels are reviewed annually, taking the market environment and average salary adjustments for employees in the Netherlands into account, without any commitment to increase. The remuneration is validated by a benchmark comparison every three years.

Benefits

Benefits include social security charges and remuneration for items such as medical insurance, death and disability insurance, and car allowances. Members of the Management Board also benefit from directors' and officers' liability insurance coverage. These benefits are in line with market practice.

Pension

Members of the Management Board receive a contribution to their pension plan. The contribution is defined as a percentage of base salary, and is capped at 30% of base salary for the CEO and 25% of base salary for the CFO.

Variable remuneration

The variable income part of Management Board members' remuneration consists of short-term incentives (STIs) and long-term incentives (LTIs). The distribution between STIs and LTIs for on-target performance aims to achieve a proper balance between short-term results and long-term value creation. The parameters relating to the various elements of the variable income part of the remuneration are established and – where necessary – adjusted at the discretion of the Supervisory Board, taking into consideration the general rules and principles of the Remuneration policy itself. The STIs and LTIs relate to the performance in the respective year.

Short-term variable remuneration

Amounts earned under the annual STI plan are paid out in cash.

	Base salary		Other benefits		Pension		Total fixed remuneration		Short-term incentives		Long-term incentives ¹		Total variable remuneration		Total remuneration		Fixed vs variable remuneration	
<i>in thousand €</i>	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
John Kruijssen																		
Costs (IFRS)	472	472	79	81	142	142	693	695	368	368	233	187	601	555	1,294	1,250	54%-46%	56%-44%
Grant date fair value											2,593	236	2,961	604	3,654	1,299	19%-81%	54%-46%
Gabrielle Reijnen																		
Costs (IFRS)	300	300	94	91	75	75	469	466	195	195	123	68	318	263	787	729	60%-40%	64%-36%
Grant date fair value											150	219	345	414	814	880	58%-42%	53%-47%

¹ The long-term incentives granted expense over time conform IFRS and are as such presented both on the grant date fair value and the costs recognised during the year

Remuneration report

Long-term variable remuneration

The amounts reported in the table on the prior page represent both the costs recognised during the year and the aggregate grant date fair value of share awards in the form of PSUs (and historically options awards) granted in the year shown. In general, the aggregate grant date fair value is the amount that the Company expects to expense for accounting purposes over the award's vesting schedule, and does not correspond to the actual value that the members of the Management Board will realise from the award. In particular, the actual value of PSUs and stock options received is different from the accounting expense as it is dependent on performance.

Implementation of remuneration policy in 2021

This section provides an overview of the application of the remuneration policy in 2021, additional remuneration information to ensure reporting transparency, and important contract terms of the members of the Management Board.

Base salary

Management Board members' salaries were assessed against the market environment and adjustments in the salaries of the Company's employees in the Netherlands.

While the policy allows for an annual review of base salaries, the Supervisory Board refrained from an adjustment in 2021 due to the uncertainties associated with the global pandemic at that time.

Short-term variable remuneration

Members of the Management Board participate in the short-term annual incentive plan, which rewards achievement of predefined operational objectives considered crucial to achieving the strategic goals of the Company over a one-year period. At the beginning of each year, the Supervisory Board selects specific performance indicators, reflecting current operational priorities, and assigns a weighting and a target level to each indicator.

Performance targets must be realistic and sufficiently challenging. In addition to a specific target level for each performance indicator, the Supervisory Board sets a threshold performance level below which no payout is granted, and a maximum performance level where maximum payout is reached. Specific short-term target levels are not published ex-ante, as they are considered commercially sensitive. These targets are, however, reviewed appropriately and accounted for ex-post.

Performance at the predefined target levels on all indicators results in target payout in cash of 60% of base salary for the CEO and 50% for the CFO. Depending on performance, the actual payout may range from a threshold level of 80% to a maximum of 130% of target payout. Performance below threshold level is not rewarded. The benchmark conducted in 2020 indicated that the target STI levels as a percentage of base salary provided to members of the Management Board were in line with the market median.

2021 Performance criteria and outcomes

On an annual basis, the Supervisory Board determines the most relevant performance criteria for the Management Board with regards to the STI plan. In addition, the Supervisory Board sets realistic and sufficiently challenging target levels for each performance criteria. For 2021, the performance criteria selected reflect the challenges that the Company faced as a result of the COVID-19 pandemic and the resulting global economic downturn, while maintaining the focus on executing the Company's strategy, overseeing day-to-day business operations and optimising profitability. These criteria are: revenue growth for the key business and EBITDA, each weighted at 30%; and gross margin and free cash flow, each weighted at 20%. To improve the quality and sustainability of the organisation, two additional qualitative criteria targets also apply: developing BBH's sustainability strategy, with a scorecard over a three-year period; and completing the refinancing of the Company before year-end.

	Performance Period	Threshold (80%)	Target (100%)	Maximum (130%)	Weighting	Result	Variable pay-out
QUANTITATIVE PERFORMANCE CRITERIA							
Sales growth	FY 2021			3.3%	30%	Above Maximum	
Operating margin	FY 2021			55.1%	20%	Above Maximum	
EBITDA	FY 2021			€ 33.2 mln	30%	Above Maximum	130%
Free Cash Flow	FY 2021			€ 16.2 mln	20%	Above Maximum	
QUALITATIVE PERFORMANCE CRITERIA							
Sustainability strategy including a 3-year period scorecard						✓	
Completing the refinancing of the Company before year-end						✓	

Management Board
John Kruijsen (CEO)
Gabrielle Reijnen (CFO)

Remuneration report

The performance of each member of the Management Board was determined against these criteria. The assessment of performance under the STI plan is undertaken by the Remuneration Committee. A proposal is then made to the Supervisory Board. This proposal for approval includes an assessment of the coherence between the proposed payment and overall business performance. For members of the Management Board, the STIs were evaluated based upon the achievement of performance goals for the Company. The Supervisory Board applies an element of judgement in assessing alignment between calculated payout and overall business performance.

A.J.G.P.M. Kruijssen (CEO)

Target variable pay:

€ 472,364	x	outcome	=	€ 368,444
(base salary) * 60% =		130%		(78% of base salary)
€ 283,418				

G.E.A. Reijnen (CFO)

Target variable pay:

€ 300,000	x	outcome	=	€ 195,000
(base salary) * 50% =		130%		(65% of base salary)
€ 150,000				

In light of the unprecedented challenges that the Company faced in 2021 as a consequence of the COVID-19 pandemic and the resulting global economic downturn, together with the fact that the Company exceeded its annual targets for all performance metrics, the bonus pool was funded at 130% of the target. The Supervisory Board deemed the payout fair and reflective of the Company's overall performance.

Long-term variable remuneration

Annual PSUs

Beter Bed Holding N.V.'s LTI plan is based on performance share units (PSUs). This LTI rewards members of the Management Board and senior leadership team for achieving the Company's strategic objectives over a three-year period. The incentive is awarded in both PSUs and facilitates share ownership. Participation aligns management performance with sustainability objectives and the long-term interests of the Company, together with value creation for shareholders.

Members of the Management Board receive a conditional granting of shares on an annual basis to a value equivalent to 50% of base salary. The award is conditional, and is based on:

- Performance delivered on predefined targets over a three-year period; and
- Continued employment until vesting date.

Each year when granting shares, the Supervisory Board sets performance conditions that reflect the intended long-term value creation and targets for the required performance levels. The performance conditions selected and their weighting in performance assessments is published in the remuneration report for the respective year that the conditional award is made.

At vesting, the performance delivered on each of the performance targets is assessed. If the targets are fully met, 100% of the conditionally granted number of shares will vest. Depending on the actual performance delivered, vesting may range from 60% of the conditional award at threshold level to a maximum of 140%. Vested shares are entitled to dividends in shares during the performance period. Shares are not awarded in the event that performance is under the threshold level.

After vesting of the shares, a further two-year holding period applies. Board members may sell shares to cover applicable taxes due at vesting ('sell to cover'). In the event of a member of the Management Board leaving the Company before vesting due to retirement, permanent disability or death, all unvested performance shares are vested in full. In the event of a change in control of the Company, all unvested performance shares are vested in full. In the event of a resignation due to business disposition, collective dismissal or compromise agreement, the vesting is prorated for the period between award and termination date. In the event of voluntary resignation, all conditional shares are forfeited.

Remuneration report

Long-term incentives in 2021

Annual PSUs

The annual grants are set as a percentage of the base salary of the members of the Management Board. Members of the Management Board were granted PSUs in 2021 that are converted into shares of Beter Bed Holding N.V. at the end of the three-year performance period 2021-2023 subject to meeting the performance criteria. Each of these awards was approved under the remuneration policy, which was approved at the 2020 AGM.

Name	Year of Grant	Award type	Estimated Future Payouts Under Performance Share Units (€)			Grant date fair value of awards	subject to 2-year holding period
			Threshold	Target	Maximum		
John Kruijssen (CEO)	2021	Annual equity	26,542	44,237	61,932	236,181	✓
	2021	PSUs - one-time performance grant		240,261		1,178,480	✓
	2021	PSUs - one-time performance grant		240,261		1,178,480	
Gabrielle Reijnen (CFO)	2021	Annual equity	16,857	28,095	39,333	149,999	✓

One-time performance grant

In recognition of the essential role undertaken by Mr Kruijssen in leading the ongoing execution of BBH's growth strategy, the Supervisory Board recommended the reappointment of Mr Kruijssen as CEO and as a member of the Management Board of Beter Bed Holding N.V., with effect from 16 December 2021 for a period ending immediately after the Annual General Meeting (AGM) of the Company to be held in 2026. This was approved at the EGM held on 16 December 2021. In connection with the reappointment, the EGM also approved a one-time equity performance grant to Mr Kruijssen, with the intention of incentivising Mr Kruijssen to continue serving as CEO of the Company during the same period covered by the assignment agreement so as to provide continuity of leadership, and reward performance provided that the Company successfully delivers on key targets outlined in the new Company strategy announced at the 2021 AGM.

Background

Led by the Remuneration Committee, the Supervisory Board engaged in a process to develop an incentive award that it believed to be in the best interest of the Company, and all of its stakeholders, including the Company's shareholders, with the goal of extending Mr Kruijssen's tenure as CEO. The Supervisory Board believes that the performance share grant will promote the alignment to Mr Kruijssen's compensation with sustainability and long-term interests of the Company, and the intended long-term value creation.

Award mechanics

The one-time equity performance reward is in the form of performance shares, with 50% of the performance shares to vest based on performance delivered on revenue and EBITDA-margin over a two-year performance period up to and including 31 December 2023, and 50% of the performance shares to vest based on performance delivered on revenue and EBITDA-margin over a four-year performance period up to and including 31 December 2025, both of which are subject to continued employment. The number of performance shares conditionally granted was based upon a value equivalent to € 2.5m divided by the volume weighted average share price (VWAP) of BBH on Euronext Amsterdam over the period of 60 consecutive trading days up to and including the EGM of 16 December 2021. No shares will be awarded if the pre-set performance criteria are not met during the performance period and in the event the CEO leaves the Company before vesting. Any shares that do vest are under lock up until the end of the extended appointment period. Mr Kruijssen may, however, sell shares to cover applicable taxes due at vesting ('sell to cover'). Vested shares are entitled to dividends in shares during the performance period. In the event of Mr Kruijssen leaving the Company before vesting due to permanent disability or death, all unvested performance shares are vested in full. In the event of a change in control of the Company, all unvested performance shares are vested in full. In the event of a resignation due to business disposition, collective dismissal or compromise agreement, the vesting is prorated for the period between award and termination date. In the event of voluntary resignation, all unvested conditional shares are forfeited.

The following table shows the number of PSUs outstanding with members of the Management Board:

Name of director, position	Specification of plan	Performance period	Award date	Vesting date	End of holding period	Opening		Movement during the year		Closing	
						PSUs at beginning of year	PSUs awarded to CEO	PSUs awarded to CEO	PSUs awarded to CEO	PSUs awarded and vested in year end	PSUs subject to holding period
Management Board John Kruijssen (CEO)	PSUs	2020-2022	1-1-2020	31-12-2022	31-12-2024	142,039	-	-	-	142,039	142,039
	PSUs	2021-2023	1-1-2021	31-12-2023	31-12-2025	-	44,237	-	-	44,237	44,237
	PSUs - one-time performance grant	2021-2023	16-12-2021	31-12-2023	31-12-2025	-	240,261	-	-	240,261	240,261
	PSUs - one-time performance grant	2021-2025	16-12-2021	31-12-2025	31-12-2025	-	240,261	-	-	240,261	-
Management Board Gabrielle Reijnen (CFO)	PSUs	2020-2022	1-1-2020	31-12-2022	31-12-2024	90,209	-	-	-	90,209	90,209
	PSUs	2021-2023	1-1-2021	31-12-2023	31-12-2025	-	28,095	-	-	28,095	28,095

Remuneration report

Outstanding equity awards

The following table summarises the information about outstanding options and PSUs awards as of year-end. It includes unexercised stock options (vested and unvested) and PSUs for which vesting conditions were not yet satisfied as at 31 December 2021.

	Year of grant	Award type	Outstanding	Exercisable	Exercise Price	Expiration Date	Market Value ¹ (€)	Vesting Schedule
John Kruijsen (CEO)	2019	Options	50,000	-	4.34	24-4-2024	34,500	100% on 2-4-2022
	2020	PSUs	142,039	-	-	-	714,456	100% in 2023, subject to performance
	2021	PSUs	44,237	-	-	-	222,512	100% in 2024, subject to performance
	2021	PSUs	480,522	-	-	-	2,417,026	50% in 2024 and 50% in 2026, subject to performance
Gabrielle Reijnen (CFO)	2020	Options	100,000	-	1.66	1-1-2024	337,000	100% on 1-1-2023
	2020	PSUs	90,209	-	-	-	453,751	100% in 2023, subject to performance
	2021	PSUs	28,095	-	-	-	141,338	100% in 2024, subject to performance

¹ The market value of PSUs is calculated by multiplying the closing price of BBH stock as of 31 December 2021 (€ 5.03) (the last trading day of this year) by the number of shares underlying each award and assuming satisfaction of the target levels for the applicable performance conditions. For options, the market value is calculated by multiplying the number of shares underlying each award by the spread between the award's exercise price and the closing price of BBH stock as of 31 December 2021.

Other information

Pay ratio

Both the Supervisory Board and the Management Board are committed to balanced internal pay ratios. An overall ratio compares the average pay of members of the Management Board with the average pay of all Beter Bed Holding N.V.'s employees. The average pay of employees is calculated on a full-time basis and encompasses the total remuneration, comprising base salary, benefits including social security paid, pension expenses, variable remuneration, PSUs and share options. The table below shows the pay ratio over the last five years and how it is calculated:

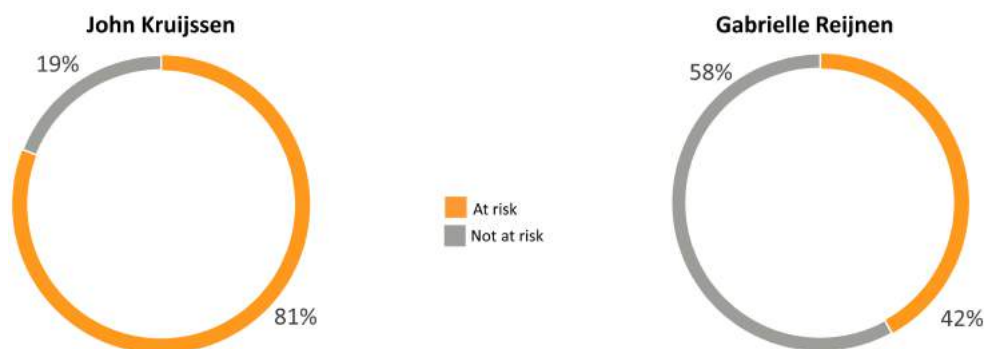
in thousand €	2021	2020	2019	2018	2017
Management Board					
Average number of FTE	2.0	2.0	2.0	1.7	1.8
Remuneration for individual MB members					
- A.J.G.P.M. Kruijsen	1,293	1,265	1,081	597	-
- G.E.A. Reijnen	787	721	-	-	-
- H.G. van den Ochtend	-	-	351	152	-
- A.H. Anbeek	-	-	-	-	452
- B.F. Koops	-	-	-	216	456
Total MB remuneration	2,080	1,986	1,432	965	908
Average remuneration (A)	1,040	993	716	579	495
Other employees					
Average number of FTE	935	1,025	1,003	2,805	2,726
Employee expenses	41,813	45,767	45,632	109,290	104,912
Average remuneration (B)	45	45	45	39	38
Total					
Average number of FTE	937	1,027	1,005	2,807	2,728
Employee expenses	43,893	47,753	47,064	110,255	105,820
Average remuneration	47	47	47	39	39
A/B pay ratio	23.3	22.2	15.3	14.9	12.9

Year-on-year changes in average BBH's employee compensation are partially attributable to changes in our employee mix, including following divestments.

Remuneration report

Target compensation mix

The Remuneration Committee believes that the target compensation mix for members of the Management Board aligns with the long-term interests of the shareholders. The charts below illustrate the percentage of the target pay that is at risk for the respective members of the Management Board.



Scenario analysis

A scenario analysis of the possible outcomes of the variable components, together with the impact these have on the Management Board members' remuneration, is conducted annually to minimise the risk that the performance criteria lead to inappropriate outcomes. The effect of different performance scenarios on the level and composition of remuneration for the year 2021 was analysed and the outcome taken into consideration by the Supervisory Board when reviewing the Management Board members' remuneration.

Share participation

The remuneration structure promotes the long-term ownership of shares by executives. The Supervisory Board encourages members of the Management Board to retain vested shares, and encourages investment in the Company's shares.

Management Board	Current shares
A.J.G.P.M. Kruijssen	10,000
G.E.A. Reijnen	-
Total	10,000

Other policy information and contract terms

Any use of right to reclaim

The Supervisory Board has the authority to adjust the payout or vesting of variable remuneration of the Management Board if the result, as calculated under the Policy, is not reasonable or fair under the prevailing circumstances. In the event of force majeure, serious illness, long-term absence or incapacity for work, the Supervisory Board decides how the STI and the LTI are applied. The Supervisory Board can reclaim in whole, or in part, any variable remuneration that has vested or has been paid out on the basis of incorrect information on the underlying performance achievement. Any such value adjustment or claw back is at the discretion of the Supervisory Board, and is accounted for in the remuneration report submitted to the AGM.

No variable remuneration was clawed back in 2021.

Deviation and derogation from remuneration policy

The Remuneration Committee did not deviate from its decision-making process in relation to the implementation of the remuneration policy.

Under Dutch law and the Dutch Corporate Governance Code, the Supervisory Board has the discretionary power in determining the remuneration of the members of the Management Board in accordance with the remuneration policy and to temporarily derogate from the Company's remuneration policy for the Management Board in exceptional circumstances. The remuneration policy for the Management Board of BBH, as adopted in 2020, also includes such discretionary power.

The Supervisory Board exercised its discretionary power by granting a one-time equity performance grant as a temporary derogation from the current remuneration policy. This derogation was necessary to align the grant with the extended term of appointment of Mr Kruijssen, targeting a delivery of the growth strategy in order to safeguard the long-term interest and sustainability of the Company. Given his achievements during his period with the Company, his current performance and his dedication to BBH's future, the Supervisory Board wishes to ensure that Mr Kruijssen continues to serve in his role as CEO in order to execute the ambitious growth strategy of BBH, and considers this an exceptional circumstance that justifies the temporary derogation from the remuneration policy of the Management Board.

Remuneration report

Change of control

In the event of change of control, any variable remuneration granted to a member of the Management Board, shall be (deemed to be) vested, regardless as to the status of the realisation of the objectives, and exercisable, if applicable, upon such change of control.

Term of appointment

The term of appointment for all members of the Management Board is four years. Members of the Management Board are employed under management services agreement for the duration of their appointment, after which time the agreement terminates automatically. Members of the Management Board may be reappointed for additional term(s) of four years.

Notice period

All members of the Management Board have a notice period of three months. For the Company, the notice period is six months for termination without cause under the applicable management services agreements with the respective members of the Management Board.

Severance compensation

In the event that a member of the Management Board's agreement is terminated by, or at the initiative of, the Company, the member of the Management Board in question is entitled to a severance payment that will not exceed one year's base salary.

Governance

The Remuneration Committee prepares the Supervisory Board's decisions regarding the remuneration of individual members of the Management Board, within the scope of the applicable remuneration policy. In accordance with article 2:135a sub 2 DCC, the Supervisory Board proposes the Beter Bed Holding N.V.'s Management Board remuneration policy for adoption to the General Meeting once every four years, the next time being at the AGM in the first half of 2024 at the latest. The decision for adoption of the remuneration policy requires at least 75% of the cast votes in favour.

The remuneration report describes the process that has been followed by the Remuneration Committee in relation to the implementation of the remuneration policy over the given financial year, and, if applicable, any proposed revision of the remuneration policy. Every year, the implementation of the remuneration policy, through the remuneration report, is put to an advisory vote at the AGM (in line with article 2:135b sub 2 DCC).

Alignment with long-term value creation

The remuneration of members of the Management Board is intended to encourage behaviours that focus on performance. This is to ensure that the Management Board reaches the annual expected level of performance, while also taking long-term sustainable value creation into consideration. These include building a scalable and data-driven backbone to support customer relationships, improving the offering, increasing efficiency and creating new business models.

The introduction of PSUs in 2020 further promotes share ownership and alignment with the Company's long-term value creation and shareholder interests. The remuneration policy is also internally aligned, following remuneration principles that apply more broadly within the Company. This provides a shared sense of purpose and direction at the different management levels, together with a shared reward, when success is achieved. Internal consistency is assured by assessing internal pay ratios to reflect the required competencies and responsibilities at each level.

Stakeholder engagement and feedback

Both the Management Board and the Supervisory Board have a transparent relationship with the works council in the Netherlands. The works council was given the opportunity to share its advice with regards to the reappointment of Mr A.J.G.P.M. Kruijsen as CEO and member of the Management Board in accordance with article 2:135a sub 3 DCC before it was proposed to the EGM at 16 December 2021, and this advice was positive. The proposal to reappoint the CEO was adopted by the 2021 EGM with 99.86% votes cast in favour.

The Remuneration Committee considered shareholders' feedback during the 2021 AGM in relation to the remuneration policy and remuneration report, and the 2021 EGM. This included the Supervisory Board's rationale regarding: (i) the timing of the reappointment of the CEO and (ii) the award mechanics of the related one-time equity performance grant.

With regards to (i) and (ii), the Supervisory Board is of the view that management continuity is important in order to successfully execute BBH's growth strategy. In order to avoid uncertainty about the reappointment, the Supervisory Board considered it important to submit this to the shareholders on 16 December 2021. The Supervisory Board considered reappointment and a related incentive in the shape of performance shares to be connected. So as to ensure shareholders were fully informed, this was included in the explanatory notes to the agenda as transparently as possible.

Remuneration report

Remuneration of the Supervisory Board

This section provides an overview of the remuneration policy for the Supervisory Board of Beter Bed Holding N.V., which was last amended at the 2020 AGM. The objective of the remuneration policy for the Supervisory Board is to attract, motivate and retain qualified people as Supervisory Board members who can supervise and support Beter Bed Holding N.V. in the achievement of its strategic objectives, and in doing so realise the sustainable value creation for which the Company strives. To this end, the Policy offers Supervisory Board members a remuneration package that reflects the time spent and the responsibility of the role. A reference point for an adequate remuneration level and fitting remuneration structure is derived from a benchmark of Dutch listed companies of comparable size and complexity with a two-tier board structure. In preparing the 2020 remuneration policy for the Supervisory Board, a benchmark comparison was performed using a reference group of fifteen Dutch small cap companies with a two-tier board structure. This indicated that an increase in the remuneration levels was warranted.

Composition of the remuneration package

Remuneration of the Supervisory Board is not dependent on the results of the Company. The policy offers fixed annual fees in cash only. Members of the Supervisory Board receive an annual base fee as shown in the table below, and there are no additional meeting fees. The Chair of the Supervisory Board receives an additional base fee due to the workload and broad responsibilities of this position. Travel expenses and facilities for members of the Supervisory Board are borne by the Company and reviewed by the Audit Committee. The Company does not provide loans, advance payments or guarantees to members of the Supervisory Board.

All members of the Supervisory Board	€ 40,000
Additional fee Chair	€ 10,000

Members of the Supervisory Board also benefit from directors' and officers' liability insurance coverage. These benefits are in line with market practice.

Summary compensation

The table below shows the remuneration for each member of the Supervisory Board during the financial year 2021.

in thousand €

Supervisory Board member	Supervisory Board	Chair	Total 2021	Total 2020
B.E. Karis	40	10	50	50
B.M.A. van Hussen	40	-	40	25
A. Beyens	40	-	40	40
M.C. Schipperheijn	40	-	40	25
P.C. Boone ¹	40	-	40	40
H.C.M. Vermeulen ²	-	-	-	15
Total	200	10	210	195

¹ Stepped down as Supervisory Board member as per 31-12-2021.

² Stepped down as Supervisory Board member as per 13-05-2020.

Outlook 2022

The salaries of members of the Management Board were assessed against the market environment and the adjustments for other employees, and will be adjusted by 4.32% in line with the two-year market movement for employees in the Netherlands. For the 2022 STI scheme, the Supervisory Board believes that the following four quantitative KPIs are appropriate: revenue growth and EBITDA, both of which weighted at 30%; and gross margin and free cash flow, both of which weighted at 20%. To improve the quality and predictability of the organisation, two additional qualitative targets will also apply: sourcing of 100% renewable energy for BBH's operations by the end of 2022; and the implementation of more than 20 Beter Slapen ID configurations at strategic locations in BBH's store network. While the Company does not disclose the exact targets as they qualify as commercially sensitive information, these targets and the performance related to them will be accounted for in the 2022 remuneration report. For the 2022 long-term incentive scheme, in addition to ROCE and NPS, the Supervisory Board introduced a KPI related to sustainability: 'Reduction of BBH's absolute Scope 1 and 2 GHG emissions below 2020 baseline levels by 2024'.

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Consolidated financial statements

Consolidated balance sheet

At 31 December and before result appropriation

in thousand €	Notes	2021	2020
Non-current assets			
Intangible assets	1.	8,269	10,391
Property, plant and equipment	2.	3,590	5,512
Right-of-use assets	3.	49,584	39,613
Deferred tax assets	4.	4,456	1,986
Other non-current financial assets	5.	117	1,454
Total non-current assets		66,016	58,956
Current assets			
Inventories	6.	29,998	25,846
Trade receivables	7.	1,943	2,180
Income tax receivable		-	284
Other receivables	7.	5,969	6,673
Cash and cash equivalents	8.	38,005	21,627
Total current assets		75,915	56,610
Total assets		141,931	115,566

in thousand €	Notes	2021	2020
Equity			
Issued share capital	9.	544	525
Share premium	9.	34,401	27,967
Equity instruments	9.	-	3,814
Revaluation reserve		-	386
Foreign currency translation reserve		-	304
Other reserves		(17,303)	(25,211)
Retained earnings		13,897	7,938
Total equity attributable to equity holders of the parent		31,539	15,723
Liabilities			
Non-current liabilities			
Lease liabilities	10.	37,002	28,913
Deferred tax liabilities	4.	776	841
		37,778	29,754
Current liabilities			
Borrowings	11.	-	2,285
Lease liabilities	10.	15,986	14,859
Trade payables	12.	24,240	20,604
Income tax payable	12.	3,549	3,544
Other taxes and social security contributions	12.	10,944	11,155
Other liabilities	12.	17,895	17,642
		72,614	70,089
Total liabilities		110,392	99,843
Total equity and liabilities		141,931	115,566

Consolidated financial statements

Consolidated profit and loss account

For the year ended 31 December

in thousand €, unless otherwise stated	Notes	2021	2020 ¹
Continuing operations			
Revenue	13.	214,222	207,464
Materials and services from third parties		(96,140)	(93,052)
Gross profit		118,082	114,412
Other income	16.	896	-
Personnel expenses	14.	(43,893)	(43,601)
Depreciation, amortisation and impairment	17.	(18,390)	(18,109)
Other operating expenses	18.	(41,894)	(38,762)
Total operating expenses		(104,177)	(100,472)
Operating profit (EBIT)		14,801	13,940
Finance costs	19.	(527)	(920)
Profit before tax		14,274	13,020
Income tax	20.	(1,726)	(3,761)
Net profit from continuing operations		12,548	9,259
Discontinued operations			
Profit/(loss) after tax from discontinued operations		1,349	(1,321)
Net profit		13,897	7,938
Earnings per share from all operations	21.		
Earnings per share in €		0.52	0.32
Diluted earnings per share in €		0.50	0.31
Earnings per share from continuing operations	21.		
Earnings per share in €		0.47	0.37
Diluted earnings per share in €		0.45	0.36

1. Following IFRS 5, the comparative figures represent the continuing operations and the result from discontinued operations is presented as a single line.

Consolidated statement of comprehensive income

For the year ended 31 December

in thousand €	2021	2020
Profit for the year	13,897	7,938
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	-	35
Tax effect relating to exchange differences	-	(9)
Other comprehensive income for the year, net of tax	-	26
Total comprehensive income for the year, net of tax	13,897	7,964
Total comprehensive income/(loss) for the year, net of tax		
Continuing operations	12,548	9,285
Discontinued operations	1,349	(1,321)
Total comprehensive income for the year, net of tax	13,897	7,964

Consolidated financial statements

Consolidated cash flow statement

For the year ended 31 December

in thousand €	Notes	2021	2020 ¹
Operating activities			
Result (loss) for the period from operations		14,801	13,940
Adjustments for:			
- Income taxes	20.	(702)	-
- Net finance costs		-	842
- Depreciation and impairment of right-of-use assets	3.	13,223	12,036
- Depreciation and impairment of property, plant and equipment	2.	2,019	2,943
- Amortisation and impairment of intangible assets	1.	3,148	3,130
- Transfer book profit from sale and leaseback to investing activities	2.	(896)	-
Adjusted operating result for the period		31,593	32,891
Working capital adjustments:			
- Increase in inventories	6.	(6,190)	(3,238)
- (Increase)/decrease in trade and other receivables	7.	(113)	1,600
- Increase in trade and other liabilities	12.	6,360	9,492
Change in working capital		57	7,854
Cost of share-based compensation	15.	(207)	341
Guarantees	5.	128	(162)
Income tax (paid)/received		(3,270)	1,185
Discontinued operations		(418)	991
Cash flow from operating activities		27,883	43,100

in thousand €	Notes	2021	2020 ¹
Investing activities			
Capital expenditure on purchase of intangible assets	1.	(2,316)	(2,169)
Capital expenditure on purchase of PP&E	2.	(1,925)	(1,141)
Disposals in fixed assets	2.	-	(19)
Proceeds from sale and leaseback		3,000	-
Divestment of Swedish operations		4,240	-
Other		-	(113)
Discontinued operations		(87)	(63)
Cash flow from investing activities		2,912	(3,505)
Financing activities			
Contribution of equity	9.	6,453	-
Repayment of borrowings	11.	(2,285)	(4,209)
Interest paid	19.	(373)	(448)
Repayment of equity instruments		(4,023)	-
Payment lease liabilities	10.	(13,673)	(13,047)
Discontinued operations		(535)	(2,110)
Cash flow from financing activities		(14,436)	(19,814)
Movement in cash and cash equivalents			
Net foreign exchange difference		19	(269)
Opening balance	8.	21,627	2,115
Closing balance		38,005	21,627

1. Following IFRS 5, the comparative figures present the continuing operations and the result from discontinued operations are presented as a single line.

Consolidated financial statements

Consolidated statement of changes in equity

in thousand €

Notes	Issued share capital	Share premium	Equity instruments ¹	Revaluation reserve ¹	Currency translation reserve ¹	Other reserves	Retained earnings	Total
Balance at 1 January 2020	482	23,391	3,500	386	514	27,337	(52,575)	3,035
Net profit 2020	-	-	-	-	-	-	7,938	7,938
Other components of comprehensive income 2020	-	-	-	-	26	-	-	26
Total comprehensive income	-	-	-	-	26	-	7,938	7,964
Profit appropriation 2019	-	-	-	-	-	(52,575)	52,575	-
Contributions of equity	43	4,576	-	-	-	-	-	4,619
Interest on equity instruments	-	-	314	-	-	(314)	-	-
Realisation of currency translation reserve	-	-	-	-	(236)	-	-	(236)
Cost of share-based compensation 15.	-	-	-	-	-	341	-	341
Balance at 31 December 2020	525	27,967	3,814	386	304	(25,211)	7,938	15,723
Net profit 2021	-	-	-	-	-	-	13,897	13,897
Other components of comprehensive income 2021	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	13,897	13,897
Profit appropriation 2020	-	-	-	-	-	7,938	(7,938)	-
Contributions of equity	19	6,434	-	-	-	-	-	6,453
Interest on equity instruments	-	-	209	-	-	(209)	-	-
Repayment of equity instruments	-	-	(4,023)	-	-	-	-	(4,023)
Realisation of revaluation reserve	-	-	-	(386)	-	386	-	-
Realisation of currency translation reserve	-	-	-	-	(304)	-	-	(304)
Cost of share-based compensation 15.	-	-	-	-	-	(207)	-	(207)
Balance at 31 December 2021	544	34,401	-	-	-	(17,303)	13,897	31,539

¹ Concerns restricted equity.

Notes to the consolidated financial statements

General information

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through the Beter Bed and Beddenreus brands, and through the Sängjätten brand until 30 June 2021. Beter Bed Holding N.V. is also active in the field of developing and wholesaling branded products in the bedroom furnishing sector through its subsidiary DBC International. Beter Bed Holding N.V. is incorporated in the Netherlands, with its headquarters in Uden the Netherlands. The registered office of Beter Bed Holding N.V. is Linie 27, 5405 AR, in Uden the Netherlands, trade register number 16040335. Beter Bed Holding N.V.'s shares are listed on Euronext Amsterdam.

The consolidated financial statements comprise the financial information of the Company itself and that of its subsidiaries (referred to together as the Group). The list of subsidiaries is presented in the note Principles of consolidation (see page 98).

The 2021 consolidated financial statements of Beter Bed Holding N.V. have been prepared by the Management Board and were authorised by both the Management Board and the Supervisory Board for issuing on 10 March 2022.

Basis of preparation of financial statements

The consolidated financial statements of Beter Bed Holding N.V. have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs, hereafter referred to as IFRS). The company financial statements have been prepared according to article 2:362-8 of the Dutch Civil Code, meaning that the accounting principles used are the same as for the consolidated financial statements.

Going concern

This was a year where the world faced uncertainty caused by the COVID-19 pandemic having an impact on every facet of life. Our sector was no exception resulting in various temporary store closures and reduced opening hours during the year in the Netherlands. Nevertheless, we were able to increase order intake compared with prior year, while limiting the impact on the Group's core processes and supply chain due to continuous proactive collaboration with our strategic suppliers. This translated into solid financial results with respect to revenue, gross margin and cash leading to an improved financial position compared with previous year. As the COVID-19 pandemic continues to develop with uncertainties, we have evaluated a range of scenarios to stress-test the Group's liquidity position through the end of 2022 and a substantial part of 2023. Based on our current knowledge and experience with respect to the impacts of the COVID-19 pandemic on our business operations, financial results and financial position and on the global supply chain and world economy; we expect to remain within the Group's financial covenants, while maintaining headroom under the existing credit facility.

The financial statements have been prepared on a going concern basis.

Notes to the consolidated financial statements

Basis of measurement of financial statements & significant accounting policies

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, debt and equity financial assets that have been measured at fair value. Unless explicitly stated otherwise, the amounts stated in these notes refer to the consolidated figures. The financial statements are presented in euros and have been rounded to thousands of euros, unless otherwise stated.

Changes to the presentation of comparative figures

From the date on which all criteria of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - are met, discontinued operations are deconsolidated on the balance sheet to assets and liabilities of discontinued operations. Discontinued operations (on which all IFRS 5 criteria are met) are deconsolidated and reported separately in the statement of profit and loss and the cash flow statement.

Changes in accounting policies and disclosures

New standards, amendments and interpretations to existing IFRS standards became effective in 2021. These new standards, amendments and interpretations, as far as they are relevant to the Group, have no impact on the valuation and classification of assets and liabilities of the Group, nor on its income statement or cash flows.

New standards, amendments and interpretations to existing IFRS standards have been published that only need to be applied to accounting periods beginning on or after 1 January 2022. As far as these standards, amendments and interpretations are applicable to the Group, these are expected to have no effect on the valuation and classification of assets and liabilities. The Group has decided not to opt for early adoption.

Notes to the consolidated financial position

Foreign currency translation

The consolidated financial statements have been prepared in euros. The euro is the functional currency of Beter Bed Holding N.V. and is the Group's reporting currency. Monetary assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date, whereas profit and loss account items are converted at the exchange rate at the time of the transaction. Non-monetary assets and liabilities in foreign currencies, which are measured at fair value, are converted at the exchange rate when the fair value was determined. Non-monetary items, which are measured at historical cost in a foreign currency, are not translated. The resulting exchange differences are credited or debited to the profit and loss account, presented in finance costs.

Exchange differences in the financial statements of foreign group companies included in the consolidation are taken directly to equity through other comprehensive income. The results and assets and liabilities of consolidated foreign participations are translated into euros at the average exchange rate per month and the closing rate for the year under review respectively. Upon disposal of a foreign entity, the deferred accumulated amount recognised in equity of that foreign entity concerned is taken to the profit and loss account.

The table below shows the currency rates applied in 2020 and 2021 respectively.

	SEK/EUR	USD/EUR
Year-end exchange rates		
31-12-2020	10.0343	1.2271
30-06-2021	10.1110	1.1884
31-12-2021	10.2503	1.1326
Average exchange rates		
2020	10.4881	1.1413
2021	10.1479	1.1838

Principles of consolidation

The consolidated financial statements comprise the financial statements of Beter Bed Holding N.V. and its Group entities. Group entities are defined as entities controlled by the Company, meaning the Company is exposed to, or is entitled to, the variable results following the Company's involvement and ability to influence these results in its power to steer on the activities of that entity.

In general the Group assumes that it has control if it holds the majority of the voting rights. Factors that are relevant to support this assumption are, however, considered in all cases. These include contractual arrangements with any other vote holders of the investee, voting rights from other arrangements and the potential voting rights of the Group. When there are changes in circumstances or facts that could impact if the Group controls an investee, a reassessment will be made to conclude whether an investee still needs to be consolidated. Group entities are included in the consolidation at the date at which the entities gain control. As of the date an entity does not meet the aforementioned criteria of an investee, the entity is no longer included in the consolidation.

For consolidation purposes, the Group has applied the full consolidation method. All financial relations and results between consolidated companies are eliminated in full. If the Group loses control over an investee, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while a gain or loss is recognised in profit or loss. In the event that an investee is retained but the Group ceases control, it is recognised at fair value.

Notes to the consolidated financial position

Interests in subsidiaries

The Group's subsidiaries at 31 December 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Registered Office	Ownership interest held by the Group in %	
		2021	2020
Bedden & Matrassen B.V.	Uden, The Netherlands	100	100
Beter Bed B.V.	Uden, The Netherlands	100	100
Beter Bed Financial Services B.V.	Uden, The Netherlands	100	100
DBC International B.V.	Uden, The Netherlands	100	100
DBC Nederland B.V.	Uden, The Netherlands	100	100
Nordic Bedding Company (NBC) B.V.	Uden, The Netherlands	100	100
Swedish Company Bedding 1 AB ¹	Gothenburg, Sweden	100	100
Swedish Company Bedding 2 AB ²	Gothenburg, Sweden	100	100

1 Entity f.k.a. Sängjätten Sverige AB and in voluntary liquidation per 30 November 2021, expected to be completed in 2022.

2 Entity f.k.a. Sängjätten AB and in voluntary liquidation per 30 November 2021, expected to be completed in 2022.

Use of estimates

Estimates and judgements

In preparing the financial statements, the Management Board is required to exercise judgement, make assumptions and estimates that affect the application of the accounting standards and the valuation of the recognised assets and liabilities and income and expenses. Following those judgements, assumptions and estimates, the actual valuation may subsequently differ materially from the reported valuation.

Judgements, assumptions and estimates are continually reviewed and are based on historical experience and other factors, including future expectations. These future expectations are based on reasonable expectations concerning the relevant factors affecting the financial statement item concerned.

Adjustments of estimates are recognised in the period in which those adjustments are made and, where relevant, in the future periods concerned.

The following notes contain the most significant estimates and judgements:

- **Significant judgement:**
 - Assessment of the recoverability of past tax losses (Deferred tax balances).
 - Recognition of extension options in property lease contracts (Right-of-use assets).
- **Significant estimates:**
 - Assumptions used in impairment testing (Intangible assets, PP&E, Right-of-use assets).
 - Assumptions in the expected credit loss model (Receivables).
 - Estimates in the valuation of stock (Inventories).

Notes to the consolidated financial position

Segment reporting

Various operating segments have been identified within the Group, as these segments are reviewed by the respective decision-makers within the entity. These operating segments independently generate revenue and incur expenses. The principal operating segments are comparable in each of the following aspects:

- **Nature of the products and services**

The operating segments primarily sell mattresses, bedroom furnishings (including box springs), bed bases and bed textiles. The operating segments also provide home delivery service.

- **Customers for the products and services**

The operating segments sell directly to customers, focusing specifically on customers in the value-for-money segment and via a wholesale network.

- **Distribution channels for the products and services**

The operating segments generate their revenue in stores (the offline retail channel), via wholesale activities, and also have a webshop (online retail channel). Online revenue compared with total revenue is similar for the respective operating segments.

- **Economic characteristics**

The operating segments have similar economic characteristics, e.g. in terms of revenue, gross profit and inventory turnover rate.

In view of the comparability of above characteristics, the operating segments are aggregated into a single reportable segment.

Information by geographical area is disclosed in note 13 (see page 118).

Notes to the consolidated financial position

2021 events

Sale of Swedish operations

On 9 July 2021, Beter Bed completed the sale of its Swedish operations with an effective date at 30 June 2021. The divestment was executed in the form of an asset-liability transfer. The assets were transferred to SengeSpecialisten, a Danish subsidiary of the Lars Larsen Group. The legal entities in Sweden remain under control of Beter Bed Holding N.V. and are in liquidation as of 30 November 2021, which is expected to be completed in 2022 in accordance with Swedish law. Consequently, the business and the results of the Swedish entities are presented as discontinued operations. However, the remaining assets and liabilities in the legal entities in Sweden are consolidated as per 31 December 2021.

The carrying amounts of assets and liabilities as at the date of economic transfer (30 June 2021) were:

in thousand €	2021
Intangible fixed assets	1,247
Property, plant and equipment	485
Right-of-use assets	2,377
Financial fixed assets	1,092
Current assets	3,352
Total assets	8,553
Lease liabilities	(3,404)
Current liabilities	(2,881)
Total liabilities	(6,285)
Net assets	2,268

The remaining balance sheet positions of the entities in liquidation are deemed immaterial for the Group as a whole per 31 December 2021.

The net result of the Swedish business activities amounts to € 1.3 million and is included in the consolidated Statement of Profit and Loss as 'profit/ (loss) after tax from discontinued operations'. This result includes the positive book result on the net asset deal, offset by the operational results for the first half year.

The financial results and cash flow information related to the discontinued operations were:

in thousand €	2021
Revenue	7,301
Materials and services from third parties	(3,319)
Gross profit	3,982
Total operating expenses	(4,404)
Book profit on asset-liability transfer	1,771
Profit from discontinued operations	1,349
Cash flow from operating activities	(418)
Cash flow from investing activities	4,153
Cash flow from financing activities	(535)
Cash flow from discontinued operations	3,200

Upon completion of the sale of the Swedish operations on 9 July 2021, Beter Bed received a net cash consideration of € 4.2 million, which is included in the cash flow generated from investing activities.

Financing Events

In July 2021, Beter Bed Holding N.V. renewed its credit facility with ABN AMRO Bank N.V. for the amount of € 15.0 million. This credit facility was agreed for a period of three years with the possibility to extend for another two years. Under the covenants of the facility, Beter Bed Holding N.V. is required to meet certain performance indicators with regards to its leverage ratio and solvency ratio (refer to note 11 (see page 116)), which are tested quarterly. No other credit facilities are in place per balance sheet date.

As part of the refinancing of the Group and the financial position at that moment, Beter Bed Holding N.V. decided to repay the perpetual loan including accrued interest (€ 4.0 million) due to its relatively high interest rate compared with market conditions. Subsequently, to reduce the impact on solvency as a result of the repayment of the perpetual loan, Beter Bed Holding N.V. issued 946,167 new ordinary shares of the Company for a total consideration of € 6.5 million on 23 July 2021. The net proceeds were used to strengthen the Company's financial position and to provide the Company with the financial flexibility to accelerate the execution of the 2025 growth strategy as presented during the AGM of 12 May 2021.

Notes to the consolidated financial position

Significant accounting policies relating to balance sheet

Financial instruments

Non-derived financial instruments

Non-derived financial instruments include other financial fixed assets, trade and other accounts receivables, cash and cash equivalents, liabilities to credit institutions, trade and other payables. Initial recognition of non-derived financial instruments is at fair value. Thereafter, these non-derived financial assets are valued at amortised cost (excluding cash and cash equivalents).

Impairment of financial assets

Beter Bed Holding N.V. applies a model for the impairment of financial assets against amortised cost. In order to determine the provision, Beter Bed Holding N.V. applies a general or simplified method.

For the general method, the following is applied:

- A 12-month expected credit loss; or
- Lifetime expected credit losses for financial assets in the event that the credit risk increases significantly due to certain circumstances. All credit losses for the expected lifetime are accounted for; or
- Lifetime expected credit losses for financial assets, whereby interest is calculated based on the net receivable less impairment loss.

Loans granted to subsidiaries and receivables against suppliers following the supplier model, as well as all other receivables, go through the process of impairment testing based on the aforementioned general method.

The simplified method is applied to other receivables. For these, at inception, lifetime expected credit losses are processed, which are determined following a historical set of average irrecoverable amounts (based on historical debt collection details).

Trade and other receivables

Trade and other receivables represent the Group's right to an amount of consideration that is unconditional. Trade and other receivables are carried at amortised cost, less impairment losses.

Trade and other payables

Trade and other payables are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other call deposits payable on demand. Bank overdrafts that are repayable on demand, and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents in the cash flow statement. They are measured at fair value.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position if and only if, the Group currently has a legally enforceable right to set off the amounts, and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognised if the Group is no longer entitled to the cash flow from that asset or if substantially all risks and rewards of the asset have been transferred or – if substantially all risks and rewards of the asset have not been transferred – the entity has transferred 'control' of the asset.

A financial liability is derecognised when the obligation has been discharged or cancelled or has expired. If an existing financial liability is replaced by another from the same lender under substantially different terms, or if substantial modifications are made to the terms of the existing liability, the replacement or modification is accounted for through recognition of the new liability in the balance sheet and derecognition of the original liability. The difference between the relevant carrying amounts is accounted for through profit and loss.

Intangible assets

Intangible assets mainly relate to software. For each category, the applicable finite useful life has been determined and applied.

Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Notes to the consolidated financial position

Intangible assets with finite lives are amortised over their useful life and tested for impairment if there are indications that the intangible asset might be impaired. The amortisation period and method for an intangible asset with a finite useful life are assessed at least at the end of each period under review, with the applied amortisation percentages varying between 20% and 33%. Any changes in the expected useful life or expected pattern of the future economic benefits from the asset are recognised by means of a change in the amortisation period or method, and must be treated as a change in accounting estimate. Amortisation charges on intangible assets with a finite useful life are recognised in the profit and loss account.

Applied amortisation percentages are as follows:

- Software 20-33%.

Development costs for IT infrastructure applications are recognised as an intangible asset if, and only if, all of the following have been demonstrated:

Applied amortisation percentages are as follows:

- The technical feasibility to complete the project.
- The intention to complete the intangible asset, and use it.
- The ability to use the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate resources to complete the project.
- The cost of developing the asset can be measured reliably.

Applications are capitalised until practical applicability is reached and ongoing activities focus on maintenance.

The amount initially recognised for intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. All expenditures on research activities are expensed in the income statement as incurred.

Any gains or losses arising from the derecognition of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the profit and loss account when the asset is derecognised.

Property, plant and equipment

Tangible fixed assets are valued at the cost of purchase or construction less straight-line depreciation and impairments (if applicable) based on the expected economic life or lower recoverable amount. Tangible fixed assets under construction are not depreciated.

Applied depreciation percentages are as follows:

- Other fixed operating assets 10-33%;
- Right-of-use assets 8-100% (depending on the remaining lifetime of underlying contract as of adoption).

Depreciation, amortisation and impairment are presented combined in the profit and loss and detailed in its notes.

Tangible fixed assets are derecognised in the event of disposal or if no future economic benefits are expected from its use or disposal. Any gains or losses arising from its derecognition (calculated as the difference between the net proceeds on disposal and the carrying amount of the asset) are taken to the profit and loss account for the year in which the asset is derecognised. Any residual value of an asset, its useful life and valuation methods are reviewed, and if deemed necessary, adapted at the end of the financial year.

The tangible fixed assets are intended for own use.

Leases

The Group has various lease arrangements for offices, warehouses, retail stores, equipment and vehicles. Lease terms are negotiated on an individual basis locally and subject to domestic rules and regulations. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group then recognises a right-of-use asset and a lease liability at the lease commencement date. The Group has chosen to apply any of the practical expedients as mentioned in IFRS 16 'Leases' such as portfolio approach, exemption for low value leases, and exemption for short-term leases.

Notes to the consolidated financial position

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. At the end of a lease contract when the asset is fully depreciated, the value at cost is reversed against accumulated depreciation. In the event of lease abandonment, the carrying amount of the related right-of-use asset is impaired to the recoverable amounts.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease contracts will be capitalised for the duration of non-cancellable periods (mostly fixed periods of three to eight years) and renewal periods are only taken into account if deemed reasonably certain. To flexibly adapt to market developments in the real estate sector and manage business operations effectively, property contracts contain a relatively short-term duration with an option to extend. As the extension options are not considered reasonably certain these are not recognised. Once an extension option becomes effective the extension is recognised as a modification in the right-of-use assets.

For several leases, the Group has renewal/extension options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentive receivable. The lease payments also include payments of penalties for terminating a lease in the event that the option to terminate early is reasonably certain to be exercised. Non-lease

components related to the leased asset and variable lease payments that do not depend on an index or a rate are recognised as an expense in the profit and loss.

In calculating the present value of lease payments, if the interest rate implicit in the lease is not readily determinable, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the in-substance fixed lease payments.

The lessee's incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate applied is periodically determined by an external valuator. A specific discount rate is applied to a portfolio of leases with reasonably similar characteristics depending on their duration and associated country, varying between 0% and 2.5%.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost consists of the latest purchase price less purchase discounts and plus additional direct costs using first in first out. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost for settling the sale. Unrealised intercompany gains and losses are eliminated from the inventory valuation.

Impairment of assets

The Group reviews at each reporting date whether there are indications that an asset has been impaired. If there is any such indication or if the annual impairment testing of an asset is required, the Group estimates the asset's recoverable amount. Impairment losses are recognised in profit or loss.

An asset's recoverable amount is the higher of the fair value of an asset or the cash-generating unit (after deduction of the selling costs) and the value in use. If an asset's carrying amount exceeds the recoverable amount, the asset is deemed to have been impaired and its value is written down to the level of the recoverable amount. When assessing the value in use, the present value of the estimated future cash flow is determined, applying a discount rate before tax that takes into account the current market assessment of the time value of money, and the specific risks associated with the asset.

Notes to the consolidated financial position

On each reporting date an assessment is made whether there are indications that an impairment loss recognised in prior periods no longer exists or has decreased. If there is any such indication, the recoverable amount is estimated. An impairment loss recognised in prior periods is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In that case, the carrying amount of the asset is increased to the recoverable amount. This increased amount cannot exceed the carrying amount that would have been determined (net of amortisation) if no impairment loss had been recognised for the asset in prior years. Any such reversal is recognised in profit or loss.

Dividend

The holders of ordinary shares are entitled to receive dividend as determined from time to time by the Annual General Meeting.

The Management Board has the authority to decide, with the approval of the Supervisory Board, what portion of the profit will be allocated to the reserves. If applicable, the declared but unpaid dividends are recognised as a liability.

Provisions

Provisions are recognised for legal or constructive obligations existing at the balance sheet date for which it is probable that an outflow of resources will be required and the amount can be reliably estimated. Provisions are carried at the best estimate of the amounts required to settle the obligation at the balance sheet date, being the nominal value of the expected expenditures, unless otherwise stated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity, and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit and loss, when incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments will occur.

Retirement benefits are provided through a limited number of defined contribution plans within the Group. The most significant one is described below and is applicable to the employees in The Netherlands.

The Company has a pension scheme with Retail Industrial Pension Fund (Pensioenfonds Detailhandel). The provision of the Dutch Pension Act applies to this pension scheme and premiums are paid on a compulsory or contractual basis. Pensioenfonds Detailhandel uses January salary as a pensionable salary basis. Pensioenfonds Detailhandel increases the pensions partly in line with the consumer price index when the coverage ratio is 110% or higher. When the coverage ratio is 123% or higher, the pensions are increased in conformity with the consumer price index. The coverage ratio of Pensioenfonds Detailhandel was 119.2% at the end of 2021. No additional payments due to the lack of coverage are requested by the pension fund.

Defined benefit plans

The Group does not have any defined benefit plans.

Taxes

Current income tax assets and liabilities are valued at the amount that is expected to be recovered from or paid to the tax authorities. The amount is calculated on the basis of the tax rates set by law and enacted tax laws, which are reviewed periodically. Current income tax items directly related to items in equity are also recognised in equity.

A provision is formed for deferred tax liabilities based on the temporary differences on the balance sheet date between the tax base of assets and liabilities, and the carrying amount in these financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. The deferred tax liabilities are valued at nominal value.

Deferred tax assets are recognised for available tax loss carry forwards and deferred tax assets that arise from temporary differences at the balance sheet date between the tax base of assets and liabilities, and the carrying amount in the financial statements. Deferred tax assets are valued at nominal value. Deferred tax assets that arise from future tax loss carry forwards are only recognised to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on enacted tax laws.

Notes to the consolidated financial position

Deferred tax items are recognised in correlation to the underlying transaction either in the overview of comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset by the Group if it has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes, levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Significant accounting policies relating to the profit or loss account

Presentation

The presentation of the profit and loss account is based on the categorical classification. Gross profit is the result of revenue less cost of materials and services from third parties. Personnel expenses, depreciation, amortisation and impairments of fixed assets and other operating expenses are presented immediately after gross profit due to short-term influenceability and the fact that these costs do not directly relate to the level of revenue.

Revenue

Revenue is understood as the proceeds of the sale of goods and services to third parties less discounts and similar rebates, and sales taxes. Revenue is recognised when mutual contractual performance obligations are met. Revenue is based on transaction prices allocated to individual performance obligations, being either a distinct good or service or a series of distinct goods or services that are largely the same, and showing the same pattern of transfer to a customer. Revenue from sales of goods is recognised in the profit and loss upon transfer of the right of disposal of the goods by the Group. In the circumstances when goods are instantly taken by customers, this is at the time of payment at the cash register. In the circumstances when goods are assembled and/or delivered, the sales are recognised at the moment when the transfer has led to a physical delivery of the goods to the customer.

Cash & carry sales are paid directly at purchase in the stores. Payment terms for store purchases (B2C) consist of a down payment upon purchase and a final payment upon delivery. Payment terms for wholesale activities are set at 30 days.

Warranties

An exchange warranty is provided to customers. Product warranty is given for malfunctions in products. Warranty obligations are limited for the Company, as these are recharged in full to the suppliers.

Materials and services from third parties

This comprises the cost and associated services of the goods sold, after deduction of any payment discounts and purchase bonuses received, added with directly attributable purchase and supply costs.

Expenses

Expenses are determined in accordance with the aforementioned accounting policies, and are allocated to the financial year to which they relate. Interest is recognised as an expense in the period to which it relates.

Pensions

Various pension schemes are in use within the Company. In the Netherlands, the majority of the employees participate in the Retail Industrial Pension Fund (Pensioenfonds Detailhandel). This is an average pay scheme with a maximum pension accrual on the income for social security contributions. For this reason this pension scheme is accounted for as a defined contribution scheme.

The other pension schemes are also defined contribution schemes. The contributions paid to the Retail Industrial Pension Fund (Pensioenfonds Detailhandel) and insurance companies respectively are recognised as expenses in the year to which they relate. There are no company-specific pension schemes in other countries.

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight-line method based on the expected economic life of the underlying assets. Additions in the year under review are depreciated and amortised from the date of purchase onwards. Right-of-use assets are depreciated as of inception date.

Significant accounting policies to the cash flow statement

The cash flow statement is prepared using the indirect method. Beter Bed Holding N.V. discloses discontinued operations in the paragraph 2021 Events (see page 101).

Notes to the consolidated financial position

Capital and financial risk management

Financial risk management

The main financial risk consists of failing to achieve the budgeted revenue, and therefore the planned cash margins, mainly as a result of changes in consumer behaviour in response to changing economic conditions. Revenue and order intakes for each format are reported on a daily basis to manage this risk. On a weekly basis, data on realised margins, numbers of visitors, conversion, and average order values are provided to senior management and commented on.

Based on the analyses, adjustments are made in the marketing mix, including pricing policy and the use of advertising. In addition, cost budgets are periodically reviewed and adjusted, if necessary. Economic and macroeconomic information from the market, including sector-specific reports, is also utilised.

Currency risk

Currency risk, arising mainly from purchases in dollars, is not hedged. A 5% change in the average dollar exchange rate would, on the basis of the purchasing volumes in the financial year, result in an effect of approximately € 0.3 million (2020: € 0.2 million) on the operating profit (EBIT), if sales prices remain the same. There are virtually no financial instruments in foreign currencies.

Interest rate risk

The maximum interest rate risk on the credit facility would be € 0.1 million before taxation at an increase of 100 basis points (2020: € 0.2 million). The carrying amount of the financial liabilities approximates their fair value.

Credit risk

Credit risk is limited to the wholesale operations and trade receivables under bonus agreements.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for the relevant trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue over a period of 36 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period.

Due to the nature of the business and the non-significant position of the trade receivables, the credit risk is deemed to be immaterial.

Liquidity risk

The approach of managing liquidity is to ensure that sufficient funds are available to meet financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or damage to the reputation of Beter Bed Holding N.V. To ensure there is sufficient cash to meet expected operational expenses, including financial obligations, actual and future cash flow requirements are regularly monitored, taking into account all expected cash inflows and cash outflows and the rolling forecast of Beter Bed Holding N.V. liquidity reserve, which comprises cash and cash equivalents and a credit facility.

Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In July 2021, a new credit facility was entered into. For more information on the main conditions and the securities, provided related to the credit facilities at year-end, reference is made to the note Borrowings (see page 116).

Daily management of the cash positions and the banks' headroom is part of the standard checks and balances of the Group and continuously monitored. When necessary, conscious planning on payments is executed.

Notes to the consolidated financial position

Fair value of financial instruments

The following table provides insight in the recognition of the respective financial instruments per IFRS 9 category:

in thousand €

	Measurement category in accordance with IFRS 9	Carrying amount	Out of scope IFRS 7	Carrying value IFRS 9 Amortised cost	Fair value through profit and loss	Fair value ¹
Other non-current financial assets	Amortised cost	117	-	117	-	117
Trade receivables	Amortised cost	1,943	-	2,004	(61)	1,943
Other receivables	Amortised cost	5,969	1,927	4,042	-	4,042
Cash and cash equivalents	Fair value through profit and loss	38,005	-	-	38,005	38,005
Trade payables	Amortised cost	24,240	-	24,240	-	24,240
Other liabilities	Amortised cost	17,895	11,290	6,605	-	6,605

1. The total carrying amount of the financial assets and liabilities equal the fair value.

Notes to the consolidated financial position

1 Intangible assets

in thousand €	Software	Brand	Total
Cost ¹	12,230	1,694	17,561
Accumulated amortisation ¹	(5,153)	(288)	(9,078)
At 1 January 2020	7,077	1,406	8,483
Additions	2,169	-	2,169
Transfer from/(to) property, plant and equipment	3,015	(103)	2,912
Amortisation charges	(3,145)	(79)	(3,224)
Foreign exchange differences	1	50	51
Movement 2020	2,040	(132)	1,908
Cost	18,123	1,644	19,767
Accumulated amortisation	(9,006)	(370)	(9,376)
At 31 December 2020	9,117	1,274	10,391
Additions	2,317	-	2,317
Amortisation charges	(3,148)	-	(3,148)
Discontinued operations	(17)	(1,274)	(1,291)
Movement 2021	(848)	(1,274)	(2,122)
Cost	20,368	-	20,368
Accumulated amortisation	(12,099)	-	(12,099)
At 31 December 2021	8,269	-	8,269

1 Cost and accumulated amortisation have been amended in the opening balance of 2020 for fully amortised assets that are no longer in use.

In the purchased software, an amount of € 1.0 million is included, which is related to assets under construction (2020: € 0.6 million).

Notes to the consolidated financial position

2 Property, plant and equipment

in thousand €	Land	Buildings	Other fixed operating assets	Total
Cost or fair value ¹	915	2,012	43,130	46,057
Accumulated depreciation ¹	-	(1,500)	(33,961)	(35,461)
At 1 January 2020	915	512	9,169	10,596
Additions	-	-	1,409	1,409
Disposals	-	-	(771)	(771)
Transfer to intangible fixed assets	-	-	(2,912)	(2,912)
Accumulated depreciation disposals	-	-	527	527
Depreciation charges	-	(72)	(3,282)	(3,354)
Foreign exchange differences	-	-	17	17
Movement 2020	-	(72)	(5,012)	(5,084)
Cost or fair value	915	2,012	27,974	30,901
Accumulated depreciation	-	(1,572)	(23,817)	(25,389)
At 31 December 2020	915	440	4,157	5,512
Additions	-	-	1,923	1,923
Disposals	(915)	(2,012)	(198)	(3,125)
Accumulated depreciation disposals	-	1,630	199	1,829
Depreciation charges	-	(58)	(1,961)	(2,019)
Discontinued operations	-	-	(530)	(530)
Movement 2021	(915)	(440)	(567)	(1,922)
Cost or fair value	-	-	28,032	28,032
Accumulated depreciation	-	-	(24,442)	(24,442)
At 31 December 2021	-	-	3,590	3,590

1 Cost and accumulated depreciation have been amended in the opening balance of 2020 for fully depreciated assets that are no longer in use.

In the purchased other fixed operating assets, no assets under construction (2020: € 0.1 million) are included.

In 2021, no impairment charges (2020: € 0.4 million) are included in the depreciation charges related to other fixed operating assets that are no longer in use or are replaced by the Company.

Carrying amounts that would have been recognised if land were stated at cost

If freehold land were stated on the historical cost basis, the amounts would be as follows:

in thousand €	2021	2020
Freehold land		
Cost	-	402
Accumulated depreciation	-	-
Net book amount at 31 December	-	402

Gain on sale-and-leaseback transactions

In 2021, the Group entered into three separate sale-and-leaseback transactions for its stores and land in Uden, Elst and Den Helder, which resulted in total cash proceeds of € 3.0 million (presented as cash flow from investing activities). The transactions were at market value and resulted in a gain amounting to € 1.7 million of which at year-end € 0.9 million relates to the rights transferred to the buyer-lessor, and has been processed directly in the consolidated profit and loss account. The remainder has been included in the value of the right-of-use assets (and is therefore unrecognised). At year-end an amount of € 0.8 million remains to be realised in the upcoming years. Lease payments after the transaction dates are presented as cash flows from financing activities.

Notes to the consolidated financial position

3 Right-of-use assets

in thousand €

	Right-of-use assets: Property	Right-of-use assets: Fleet	Total
Cost	50,669	5,662	56,331
Accumulated depreciation	(13,349)	(1,235)	(14,584)
At 1 January 2020	37,320	4,427	41,747
Additions	1,976	-	1,976
Modifications	9,427	1,776	11,203
Depreciation charges	(12,257)	(1,967)	(14,224)
Foreign exchange differences	139	-	139
Transfer to other non-current financial assets	(1,228)	-	(1,228)
Movement 2020	(1,943)	(191)	(2,134)
Cost	62,072	7,438	69,510
Accumulated depreciation	(26,695)	(3,202)	(29,897)
At 31 December 2020	35,377	4,236	39,613
Additions	3,160	2,689	5,849
Modifications	20,544	14	20,558
Depreciation charges	(11,419)	(1,804)	(13,223)
Discontinued operations	(3,330)	(35)	(3,365)
Transfer to other non-current financial assets	152	-	152
Movement 2021	9,107	864	9,971
Cost	82,446	10,106	92,552
Accumulated depreciation	(37,962)	(5,006)	(42,968)
At 31 December 2021	44,484	5,100	49,584

No impairments were recognised in 2021 and 2020. A reference is made to note 10 for the respective lease liability amounts related to the right-of-use assets (see page 115).

Due to the COVID-19 pandemic, minor changes to Beter Bed Holding's lease payments (e.g. discounts and rent free periods) were received. The impact of these changes had no material effect on the right-of-use assets and respective lease liabilities, and are therefore not treated as a lease modification.

Leases

The total cash outflow for leases relating to continuing operations in 2021 was € 13.7 million (2020 € 13.0 million).

Lease amounts recognised in the statement of profit or loss

in thousand €	2021	2020
Depreciation charge of right-of-use assets		
Property lease	(11,419)	(12,257)
Other lease	(1,804)	(1,967)
Total depreciation charges	(13,223)	(14,224)
Impairment charges	-	-
Interest expense (included in finance cost)	(459)	(197)
Total amount recognised in the statement of profit or loss	(13,682)	(14,421)

Expenses resulting from short-term leases, low-value assets and/or variable lease payments are not included in the aforementioned lease amounts due to their insignificance.

Notes to the consolidated financial position

4 Deferred tax balances

Deferred tax assets

in thousand €	2021	2020
The balance comprises temporary differences attributable to:		
- Tax credits	3,500	-
- Tax losses	-	1,018
- Valuation due to lease accounting (IFRS 16)	830	715
- Valuation of property, plant and equipment	126	253
At 31 December	4,456	1,986

The vast majority of the deferred tax assets will be recovered more than one year.

The movement of the deferred tax assets is as follows:

in thousand €	Tax credits	Tax losses	PP&E	Leases	Interest	Total
At 1 January 2020	-	1,018	190	754	125	2,087
(Charged)/credited						
- to profit or loss	-	-	34	(39)	(125)	(130)
- change in applied tax rate	-	-	29	-	-	29
At 31 December 2020	-	1,018	253	715	-	1,986
(Charged)/credited						
- to profit or loss	3,605	(1,018)	(131)	90	-	2,546
- transferred from valuation of (in) tangible assets	(105)	-	-	-	-	(105)
- change in applied tax rate	-	-	4	25	-	29
At 31 December 2021	3,500	-	126	830	-	4,456

Recoverability of operating losses

Beter Bed Holding N.V. has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the business plans and strategy executed. The tax losses have been capitalised to the extent in which tax profits are expected in the coming five years.

At year-end 2021, a tax credit of € 3.5 million was recognised in relation to the anticipated liquidation of the Swedish legal entities in 2022. This is because Beter Bed Holding N.V. expects, on the basis of the currently available information, to settle the tax credits in the foreseeable future in full.

An amount of € 6.6 million (2020: € 15.0 million) in loss carry-forwards with respect to the Belgium operations has not been recognised. Beter Bed Holding N.V.'s policy is that tax losses available for carry-forward are capitalised only if reasonable possibilities for set-off are expected within five years on the basis of a substantiated forecast of the results for tax purposes. Set-off of these losses is insufficiently probable on the basis of the currently available information.

The tax losses, available for carry-forward, expire as follows:

Term	Total
1 year	-
2 to 5 years	-
6 to 10 years	-
11 to 15 years	-
Indefinite	6,648
Total tax losses	6,648
Not recognised	(6,648)
At 31 December 2021	-

Notes to the consolidated financial position

Deferred tax liabilities

in thousand €	2021	2020
The balance comprises temporary differences attributable to:		
- Valuation of inventories	776	598
- Revaluation of land	-	129
- Valuation of (in)tangible assets	-	105
- Unrealised exchange differences	-	9
At 31 December	776	841

The movement of the deferred tax liabilities is as follows:

in thousand €	Valuation of (in)tangible assets	Revaluation of land	Valuation of inventories	Exchange differences	Total
At 1 January 2020	105	129	568	-	802
(Charged)/credited					
- recognised in OCI	-	-	-	9	9
- to profit or loss	-	-	21	-	21
- change in applied tax rate	-	-	9	-	9
At 31 December 2020	105	129	598	9	841
(Charged)/credited					
- recognised in OCI	-	-	-	-	-
- transferred to tax credits	(105)	-	-	-	(105)
- to profit or loss	-	(129)	154	(9)	16
- change in applied tax rate	-	-	24	-	24
At 31 December 2021	-	-	776	-	776

The vast majority of the deferred tax liabilities will be realised more than one year.

5 Other non-current financial assets

Other non-current financial assets are composed as follows:

in thousand €	2021	2020
Sublease receivables	117	1,228
Other non-current receivables	-	226
Balance at 31 December	117	1,454

The sublease receivables relate to stores that are (partly) sub-leased to third parties.

The measured amounts at amortised cost equal the carrying amounts at year-end 2021 and 2020.

An amount of € 1.3 million of the other non-current financial assets per 31 December 2020 related to the discontinued operations.

6 Inventories

in thousand €	2021	2020
Distribution centres	16,893	13,221
Retail stores	13,105	12,625
Balance at 31 December	29,998	25,846

As a result of the write-down of inventories to their net realisable value, Beter Bed Holding N.V. recognised a cost of € 2 thousand (2020: € 6 thousand). These costs are included in the cost of materials and services of third parties.

An amount of € 2.0 million of the inventories per 31 December 2020 related to the discontinued operations.

Notes to the consolidated financial position

7 Receivables

Trade receivables

in thousand €	2021	2020
Trade receivables	2,004	2,235
Allowance for expected credit losses	(61)	(55)
Balance at 31 December	1,943	2,180

The movement in the allowance for expected credit losses is as follows:

in thousand €	2021	2020
Balance as at 1 January	(55)	(124)
Write-offs against provision	46	79
Addition for the year	(52)	(10)
Balance at 31 December	(61)	(55)

Information about the impairment of trade receivables and the Group's exposure to credit risk

The impairment of trade receivables is based on the expected credit losses model following the simplified approach. Reference is made to Credit risks as described under Capital and financial risk management (see page 107).

Trade receivables are written off when there is no reasonable expectation of recovery. In 2021, an amount of € 52 thousand has been written off (2020: € 10 thousand). Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make a contractual payment for a period longer than 120 days past due. In determining the expected credit loss allowance, Beter Bed Holding N.V. has considered any change in risk profile of our debtors following the COVID-19 pandemic.

The carrying amounts of trade and other receivables are considered to be the same as their fair values, due to their short-term nature.

An amount of € 0.4 million of the trade receivables per 31 December 2020 related to the discontinued operations.

Other receivables

Other receivables, amounting € 6.0 million (2020: € 6.7 million) are comprised of credit invoices to be received (€ 4.0 million), prepayments (€ 1.5 million) and miscellaneous receivables (€ 0.5 million).

An amount of € 0.6 million of the other receivables per 31 December 2020 related to the discontinued operations.

8 Cash and cash equivalents

in thousand €	2021	2020
Bank balances	37,067	20,948
Cash	182	31
Cash in transit	756	648
Balance at 31 December	38,005	21,627

All cash and cash equivalents at reporting date are at the free disposal of the Group.

Notes to the consolidated financial position

9 Equity

Issued share capital and share premium

	2021 Shares	2020 Shares	2021 €'000	2020 €'000
Issued share capital and share premium				
Ordinary shares:				
- Fully paid and share premium	26,240,397	24,105,562	28,492	23,873
- Issued for cash	946,167	-	6,453	-
- Shareholder loan conversion	-	2,134,835	-	4,619
Total share capital and premium at 31 December	27,186,564	26,240,397	34,945	28,492

The authorised share capital of Beter Bed Holding N.V. amounts to € 2 million and is divided into 100 million ordinary shares with a nominal value of € 0.02 each. On 31 December 2021, a total of 27,186,564 ordinary shares were issued and outstanding.

All shares rank equally with regard to the Company's residual assets.

There are no shares that have been repurchased and not yet cancelled.

In July 2021, a total of 946,167 new shares were issued for a consideration of € 6.5 million.

Equity instruments

in thousand €	2021	2020
Balance at 1 January	3,814	3,500
Interest on equity instruments	209	314
Repayment of equity instruments	(4,023)	-
Total equity instruments at 31 December	-	3,814

The perpetual loan including accrued interest, which was accounted for as equity, was fully repaid in July 2021. Following the repayment, the Company has no equity instruments as at 31 December 2021.

10 Lease liabilities

The Group leases various offices, distribution centres, retail stores, equipment and vehicles from third parties under non-cancellable lease agreements. The lease agreements vary in duration, termination clauses and renewal options. The average incremental borrowing rate applied during 2021 was 0.35% (2020: 0.44%).

Amounts recognised in the balance sheet

The balances at year-end relating to leases are presented below:

in thousand €	2021	2020
Right-of-use assets		
Property lease	44,484	35,377
Other lease	5,100	4,236
At 31 December	49,584	39,613
Lease liabilities		
Non-current	37,002	28,913
Current	15,986	14,859
At 31 December	52,988	43,772

The total interest expense on lease liabilities in 2021 was € 0.5 million (2020: € 0.2 million).

The average term of the lease liabilities is an approximate 3 years of which the first year is represented under the current lease liabilities. The remaining part is presented as non-current lease liabilities. On average the lease payments to be paid after the balance sheet date amount to approximately € 16.0 million per year.

An amount of € 4.3 million of the lease liabilities per 31 December 2020 related to the discontinued operations.

Notes to the consolidated financial position

11 Borrowings

in thousand €	2021	2020
Revolving credit facility	-	2,285
At 31 December	-	2,285

Credit facility

On 20 July 2021, Beter Bed Holding N.V. renewed its credit facility with ABN AMRO Bank N.V. for the amount of € 15.0 million. This credit facility has been agreed for a period of three years with the possibility to extend for another two years.

The facility is also used for providing bank guarantees, amounting to € 0.7 million as at 31 December 2021 (€ 0.7 million as at 31 December 2020).

Under the covenants of the credit facility, Beter Bed Holding N.V. is required to meet a total net debt to EBITDA ratio of 2.5 and a total net worth to total adjusted assets of 15%, which will be increased to 17.5% for periods ending after 30 September 2022, and increased to 20% for periods ending after 30 September 2023. Total net debt to EBITDA is defined as net interest bearing debt, divided by EBITDA adjusted for depreciation and amortisation of right-of-use assets relating to leases. Total adjusted assets are defined as total assets less current lease liabilities less non-current lease liabilities. Additionally, each quarter the guarantor coverage rate is required to be at least 85%.

In the event of a breach of the covenants, the bank is contractually entitled to request early repayment of the outstanding amount. At balance sheet date, Beter Bed Holding N.V. complied with all bank covenants.

Terms and repayment schedule

in thousand €	Nominal interest rate	Year of maturity	Face value	Carrying amount
Revolving credit facility	2.95%	-	-	-
At 31 December 2021			-	-

Changes in liabilities arising from financing activities

in thousand €	Liabilities from financing activities		
	Borrowings	Leases	Total
Financial liabilities at 1 January 2020	(9,994)	(45,587)	(55,581)
Conversion incurred interest	(1,119)	-	(1,119)
Repayment of borrowings	4,209	-	4,209
Conversion into equity	4,619	-	4,619
Additions	-	(13,008)	(13,008)
Payment lease liabilities	-	15,157	15,157
Foreign exchange differences	-	(145)	(145)
Discounting impact of recognised lease liabilities	-	(189)	(189)
Financial liabilities at 31 December 2020	(2,285)	(43,772)	(46,057)
Repayment of borrowings	2,285	-	2,285
Additions	-	(27,219)	(27,219)
Payment lease liabilities	-	13,673	13,673
Discounting impact of recognised lease liabilities	-	(459)	(459)
Discontinued operations	-	4,789	4,789
Financial liabilities at 31 December 2021	-	(52,988)	(52,988)

Notes to the consolidated financial position

12 Trade payables, taxes and other liabilities

Trade payables are unsecured and are usually paid within 60 days of recognition. An amount of € 2.2 million of the trade payables per 31 December 2020 related to the discontinued operations.

The income tax payable relates to the 2021 fiscal result. The income tax position is with the Dutch tax authorities.

Other taxes and social security contributions, composed of VAT, labour tax, pension liabilities and social security premiums, are valued at nominal value. The other taxes and social contributions include € 0.3 million (2020: € 0.3 million) payable to the Retail Industrial Pension Fund. An amount of € 0.5 million of the other taxes and social security contributions per 31 December 2020 related to the discontinued operations.

The carrying amounts of other liabilities are considered to be the same as their fair values, due to their short-term nature.

The Company had no other contingent liabilities or commitments as at 31 December 2021, except for trade purchase commitments of € 6.5 million (2020: € 12.3 million).

Other liabilities

Other liabilities are composed as follows:

in thousand €	2021	2020
Prepayments from customers	9,469	10,389
Employee benefits accrual	3,791	4,018
Other liabilities	4,635	3,235
At 31 December	17,895	17,642

An amount of € 1.9 million of the other liabilities per 31 December 2020 related to the discontinued operations.

Notes to the consolidated income statement

13 Information by geographical area

Revenue by country, in thousand €	2021	%	2020	%
The Netherlands	198,535	92.7	195,195	94.1
Belgium	15,687	7.3	12,269	5.9
Total	214,222	100.0	207,464	100.0

Total assets by country, in thousand € ¹	2021	%	2020	%
The Netherlands	57,297	93.3	46,237	83.3
Belgium	4,146	6.7	4,331	7.8
Sweden	-	-	4,948	8.9
Total	61,443	100.0	55,516	100.0

1 Total assets include intangible assets, property, plant and equipment and right-of-use assets.

14 Personnel expenses

in thousand €	2021	2020
Wages and salaries	31,355	31,448
Social security costs	5,700	5,757
Pension costs	3,182	2,959
External staffing	3,245	3,096
Share-based compensation	411	341
Total	43,893	43,601

The pension contributions relate to defined contribution schemes or schemes designated as such.

Number of employees at year-end

FTE	2021	2020
The Netherlands	895	917
Belgium	42	39
Total	937	956

Notes to the consolidated income statement

15 Share-based compensation

Beter Bed Holding N.V. has share-based compensation plans for members of the Management Board and certain employees as part of their remuneration. Beter Bed Holding N.V. currently operates stock option programmes and performance share units (PSUs) plans. Since 2020, Beter Bed Holding N.V. has no longer granted stock options and only grants PSUs. The stock option plan continues to be served until the expiry date. Total charges recognised in the 2021 statement of income for both programmes amounted to € 411 thousand (2020: € 341 thousand), and are included in salaries and wages. Both programmes are considered equity settled programmes.

PSUs

The long-term incentive rewards members of the Management Board and senior management for the achievement of the Company's strategic objectives over a three-year period. The number of participants of the PSU plan at year-end 2021 amounted to 14 (2020: 13).

Under the PSU plan, an annual conditional grant of shares is awarded to the members of the Management Board and senior management. PSU plan conditions deviate between members of the Management Board and senior management. Members of the Management Board annually receive a conditional grant in shares to a value equivalent to 50% of their base salary. The grant is conditional, based on:

- Performance delivered on predefined targets over a three-year period; and
- Continued employment until vesting date.

Each year when granting shares, the Supervisory Board sets performance conditions that reflect the intended long-term value creation and targets for the required performance levels. The performance conditions selected and their weighting in performance assessments is published in the remuneration report for the respective year that the conditional award is made.

At vesting, the performance delivered on each of the performance targets is assessed. If the targets are fully met, 100% of the conditionally granted number of shares will vest. Depending on the actual performance delivered, vesting may range from 60% of the conditional grant at threshold level to a maximum of 140% for the Management Board. Vested shares are entitled to dividends in shares during the performance period. Shares are not awarded in the event that performance is under the threshold level.

After vesting of the shares, a further two-year holding period applies to the 2020 Management Board PSUs, 2021 Management Board PSUs and the first tranche of the 2021 one-time performance grant.

The table at the bottom summarises information about the PSU's outstanding at year-end:

Year of grant	Outstanding at 31-12-2020	Granted ¹	Exercised	Forfeited/expired	Outstanding at 31-12-2021	Vesting date	End of holding period ²
2020 Management Board	232,248	-	-	-	232,248	31-12-22	31-12-24
2020 Management	27,834	-	-	(7,500)	20,334	31-12-22	-
2021 Management Board	-	72,332	-	-	72,332	31-12-23	31-12-25
2021 Management	-	32,334	-	-	32,334	31-12-23	-
2021 One-time performance grant tranche 1	-	240,261	-	-	240,261	31-12-23	31-12-25
2021 One-time performance grant tranche 2	-	240,261	-	-	240,261	31-12-25	-

¹ At 100% of the conditional grant.

² The management PSUs and tranche 2 of the one-time performance grant are not subject to a two-year holding period.

Notes to the consolidated income statement

Stock option programme

Under the option programme a number of options are granted to members of the Management Board and senior management each year. The number of participants of the option programme at year-end 2021 amounted to 7 (2020: 8).

On being appointed as CFO, and in line with the Remuneration policy of the Company, Mrs Reijnen was awarded a single grant of 100,000 signing options as approved by the AGM in 2020.

Options are exercised at the discretion of the holder. These may, however, only be exercised after the completion of a three-year vesting period. In terms of the management options 2019, the TSR ('Total Shareholder Return') of Beter Bed Holding N.V. achieved after three years, is compared with the TSR of nine relevant nationally and internationally listed companies that jointly form a peer group. The Management Board of Beter Bed Holding N.V. is under the obligation to retain shares awarded under the option programme for a period of at least four years.

The 2020 signing options may only be exercised after the completion of a three-year vesting period. Vesting of the options is independent of performance indicators.

The table at the bottom summarises information about the stock options outstanding at year-end.

The fair value of the options is determined using the Monte Carlo simulation models (applicable for the management options) and the binomial tree model (applicable for signing options of the CFO). These models contain input variables that can be highly subjective in nature, including the risk-free interest rate, exercise price, share price at date of the grant and expected share price volatility. Volatility is determined using the historical volatility of the Beter Bed Holding N.V. share price. The Group's employee stock options have characteristics that are significantly different from those of traded options, and changes in the subjective input assumptions can affect the fair value estimate. There are no market conditions applicable to the grant.

The inputs used are summarised in the following table:

	2020 Signing options	2019 Options ¹
Share price at grant date (€)	1.62	4.41
Exercise price (€)	1.66	4.34
Expected volatility	58.51%	28.55%
Expected average option life in years	4 years	5 years
Weighted average risk free rate	(0.61)	(0.34)
Dividend yield	0.00%	0.36%
Fair value of option granted (€)	0.69	0.91

1 2019 Options contain both Board members and management options.

Year of grant	Outstanding at 31-12-2020	Granted	Exercised	Forfeited/expired	Outstanding at 31-12-2021	Exercise price (€)	Vesting date	Expiry date
2018 Management options	27,500	-	-	(27,500)	-	8.24	26-04-21	25-04-23
2019 Management options	65,000	-	-	(20,000)	45,000	4.34	24-04-22	24-04-24
2019 Signing options (CEO)	300,000	-	(300,000)	-	-	4.34	24-04-21	24-04-22
2019 Options (CEO)	50,000	-	-	-	50,000	4.34	24-04-22	24-04-24
2020 Signing options (CFO)	100,000	-	-	-	100,000	1.66	01-01-23	01-01-24

Notes to the consolidated income statement

16 Other income

Other income represents the realised gain on the sale-and-leaseback transactions related to the stores and land in Uden, Elst and Den-Helder.

17 Depreciation, amortisation and impairment

in thousand €	2021	2020
Depreciation charges right-of-use assets	13,223	12,036
Depreciation and impairment charges property, plant and equipment	2,019	2,943
Amortisation and impairment charges intangible assets	3,148	3,130
Total	18,390	18,109

18 Other operating expenses

The other operating expenses are comprised as follows:

in thousand €	2021	2020
Housing expenses	4,020	5,009
Sales and marketing expenses	18,210	14,296
Warehouse and logistic expenses	8,273	7,334
General expenses	8,700	8,749
Other personnel expenses	2,225	2,708
Other costs	466	666
Total	41,894	38,762

The sales and marketing expenses increased, which reflected the investments to grow the online and offline order intake.

19 Finance costs

in thousand €	2021	2020
Finance costs	372	723
Interest expenses on recognised lease liabilities	459	197
Realisation of currency translation reserve	(304)	-
Total	527	920

Notes to the consolidated income statement

20 Income tax

The reconciliation between the effective tax rate and the results of the calculation of the profit before taxes, multiplied by the local tax rate in the Netherlands on 31 December, was as follows:

in thousand €	2021	%	2020	%
Profit before tax from continuing operations	14,274	100.0	13,020	100.0
Tax using the Company's domestic tax rate: 25.0% (2020: 25.0%)	3,569	25.0	3,255	25.0
Step-up rate the Netherlands	(37)	(0.3)	(17)	(0.1)
Sweden recoverable tax	(3,500)	(24.5)	-	-
Previously recognised deferred taxes related to Swedish NOL's not realisable	913	6.4	-	-
Adjustment profit tax previous years	710	5.0	66	0.5
Permanent tax differences	19	0.1	293	2.3
Other changes in deferred taxes	52	0.4	-	-
Unrecognised operating losses	-	-	164	1.3
At an effective tax rate of 12.1% (2020: 28.9%)	1,726	12.1	3,761	28.9

The effective tax rate in the 2021 profit and loss account is 12.1% (2020: 28.9%). In 2021, the effective tax rate was mainly impacted by the tax credit recognised in relation to the divestment of the Swedish operations.

The item tax in the profit and loss account comprises the following:

in thousand €	2021	2020
Current tax expenses		
Current tax on fiscal profits for the year	3,551	3,544
Adjustment of current tax of previous periods	710	86
Total current tax expense	4,261	3,630
Deferred income tax		
Decrease/(increase) in deferred tax assets	(2,441)	101
Increase/(decrease) in deferred tax liabilities	(89)	30
Tax rate adjustment in deferred positions	(5)	-
Total deferred tax expense/(income)	(2,535)	131
Income tax expense	1,726	3,761

Notes to the consolidated income statement

21 Earnings per share

in €	2021	2020
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	0.47	0.37
From discontinued operations	0.05	(0.05)
Total basic earnings per share attributable to the ordinary equity holders of the Company	0.52	0.32
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	0.45	0.36
From discontinued operations	0.05	(0.05)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	0.50	0.31

Reconciliation of earnings used in calculating earnings per share

in thousand €	2021	2020
Basic earnings per share (numerator)		
Result attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
- From continuing operations	12,548	9,259
- From discontinued operations	1,349	(1,321)
Total result used in calculating basic earnings per share	13,897	7,938

Weighted average number of shares used as the denominator

Number	2021	2020
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	26,660,340	25,085,247
Adjustments for calculation of diluted earnings per share: ¹		
- Stock options	195,000	100,000
- PSUs	837,770	260,082
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	27,693,110	25,445,329

1. Based upon closing price of BBH stock as per 31 December 2021.

Notes to the consolidated income statement

22 Remuneration of the Management Board and Supervisory Board

A full overview of the remuneration of the members of the Management Board and the Supervisory Board is included in the Remuneration report.

The remuneration expenses of members of the Management Board in 2021 and 2020 were as follows:

in thousand €	A.J.G.P.M. Kruijssen		G.E.A. Reijnen		Total	
	2021	2020	2021	2020	2021	2020
Salary	472	472	300	300	772	772
Other employee benefits	79	81	94	91	173	172
Long term employee benefits	142	142	75	75	217	217
Variable remuneration	600	570	318	255	918	825
Total	1,293	1,265	787	721	2,080	1,986

The costs listed under variable remuneration relates to the year under which it is classified, and is recognised in the expenses of that year.

At the end of the financial year, Mr Kruijssen held 10,000 shares in Beter Bed Holding N.V.

The remuneration of the members of the Supervisory Board in 2021 and 2020 was as follows:

in thousand €	2021	2020
B.E. Karis	50	50
B.M.A. van Hussen	40	25
A. Beyens	40	40
M.C. Schipperheijn	40	25
P.C. Boone ¹	40	40
H.C.M. Vermeulen ²	-	15
Total	210	195

1 Stepped down as Supervisory Board member as per 31-12-2021.

2 Stepped down as Supervisory Board member as per 13-05-2020.

The members of the Supervisory Board hold no shares or exercisable options on shares in Beter Bed Holding N.V.

The Company complies with, among other regulations, the Dutch Corporate Governance Code of 8 December 2016 (the 'Code'). Deviations from the Code, regarding the Board's remuneration and its adjustments thereon, are explained in this report in accordance with the Code's 'comply or explain' principle.

23 Events after the balance sheet date

Subsequent to the date of the balance sheet, there are no events material to the Group as a whole that require disclosure in this note.

Notes to the consolidated income statement

24 Related party transactions

The companies listed in principles of consolidation (see page 98) are included in the consolidation of Beter Bed Holding N.V. and its participating interests.

Beter Bed Holding N.V. has issued declarations of joint and several liability for all Dutch group companies, with the exception of Nordic Bedding Company (NBC) B.V., for the obligations arising from legal transactions entered into by these group companies. Pursuant to these letters of guarantees, the Dutch group companies have made use of the exemption options laid down in Section 403, paragraphs 1 and 3, of Part 9, Book 2 of the Dutch Civil Code.

The financial relationships between Beter Bed Holding N.V. and its participating interests consist almost exclusively in fundings via the issuance of new shares, interest on loans provided and the repayment of the perpetual shareholder loan. Next to the aforementioned and stated in the table below, there were no transactions in 2021 between the Company and natural or legal persons holding at least 10% of the shares in the Company that were of material significance to the Company and/or the persons concerned.

Key management personnel compensation

in thousand €	2021	2020
Short-term employee benefits	2,080	1,986
Total	2,080	1,986

Key management personnel compensation relates to the Management Board. Detailed remuneration disclosures are provided in note 22 (see page 124). In 2021, there were no other relevant transactions with key management personnel.

Transactions with other related parties

in thousand €	2021	2020
Conversion shareholder loan and incurred interest	-	4,619
Interest on equity instruments	209	314
Repayment perpetual shareholder loan	(4,023)	-
Newly issued shares to existing shareholders	6,453	-

Company financial statements

Company balance sheet

At 31 December and before result appropriation

in thousand €	Notes	2021	2020 ¹
Non-current assets			
Intangible assets		202	79
Financial assets	25.	23,010	66,650
Total non-current assets		23,212	66,729
Current assets			
Other receivables	26.	1,130	1,035
Cash and cash equivalents	27.	35,921	19,217
Total current assets		37,051	20,252
Total assets		60,263	86,981

in thousand €	Notes	2021	2020 ¹
Equity			
Issued share capital		544	525
Share premium		34,401	27,967
Equity instruments		-	3,814
Revaluation reserve		-	386
Foreign currency translation reserve		-	304
Other reserves		(17,303)	(25,211)
Retained earnings		13,897	7,938
Total equity	28.	31,539	15,723
Liabilities			
Non-current liabilities			
Deferred tax liabilities		-	9
		-	9
Current liabilities			
Other liabilities	29.	28,724	71,249
		28,724	71,249
Total liabilities		28,724	71,258
Total equity and liabilities		60,263	86,981

1 The 2020 other receivables, other liabilities and provisions account have been restated to reflect the netting of a receivable from group companies and provisions.

Company financial statements

Company profit and loss account

For the year ended 31 December

in thousand €	2021	2020
Revenue	-	-
Materials and services from third parties	(210)	(734)
Gross profit	210	734
Personnel expenses	(2,876)	(2,304)
Depreciation, amortisation and impairment	(74)	(77)
Other operating expenses	(1,923)	(4,221)
Total operating expenses	(4,873)	(6,602)
Operating loss (EBIT)	(4,663)	(5,868)
Finance income	333	236
Finance costs	(331)	(875)
Loss before taxation	(4,661)	(6,507)
Income tax	3,897	1,263
Result participations	14,661	13,182
Net profit	13,897	7,938

Notes to the company financial statements

General information

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through the Beter Bed and Beddenreus brands, and through the Sängjätten brand until 30 June 2021. Beter Bed Holding N.V. is also active in the field of developing and wholesaling branded products in the bedroom furnishing sector through its subsidiary DBC International. The registered office of Beter Bed Holding N.V. is Linie 27 in Uden, the Netherlands, trade register number 16040335. Beter Bed Holding N.V.'s shares are listed on Euronext Amsterdam.

The company financial statements have been compiled on the basis of Title 9, Book 2 of the Dutch Civil Code. Beter Bed Holding N.V. uses the option of article 362.8 Title 9, Book 2 of the Dutch Civil Code to prepare the company financial statements, using the same accounting policies as in the consolidated financial statements (IFRS as adopted for use in the European Union). These policies also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary, and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognised from the date that control ceases.

The participating interests in group companies are valued at the net asset value calculated in accordance with Beter Bed Holding N.V.'s policies. The share in the results from participating interest consists of the share of Beter Bed Holding N.V. in the results of its participating interest. When a participating interest has a negative equity the sequence is as follows: first, the valuation of the participating interest is reduced; a write-down is then applied to the amounts owed by this participating interest insofar as these are an increase of the net investment in the participating interest; and then a provision is formed.

Beter Bed Holding N.V. had an average number of 8 employees (FTE) in 2021 (2020: 7).

The company financial statements are presented in euros and all amounts are rounded to thousands (€ 000) unless stated otherwise.

25 Financial assets

This item includes the participating interests in the Group companies (see page 98) and the amounts owed by the Group companies.

Movements in this item were as follows:

in thousand €	Share in subsidiaries	Loans	Deferred tax assets	Total
Balance at 1 January 2020	51,290	-	125	51,415
Net income from subsidiaries: profit/(loss)	13,182	-	-	13,182
Capital contribution	990	-	-	990
Investments and loans provided	653	-	-	653
Exchange rate differences	35	-	-	35
Issuing of loan	-	500	-	500
Derecognition of deferred tax assets	-	-	(125)	(125)
Balance at 31 December 2020	66,150	500	-	66,650
Net income from subsidiaries: profit/(loss)	14,661	-	-	14,661
Dividend distribution	(62,300)	-	-	(62,300)
Investments and loans provided	(205)	-	-	(205)
Exchange rate differences	304	-	-	304
Issuing of loan	-	400	-	400
Recognition of deferred tax assets	-	-	3,500	3,500
Balance at 31 December 2021	18,610	900	3,500	23,010

In July 2020, the Company issued a term loan facility of € 2.2 million to its subsidiary Nordic Bedding Company (NBC) B.V. Under this facility an amount of € 0.9 million was drawn per the end of 2021 (2020: € 0.5 million). The interest rate of this loan is six months EURIBOR increased by a spread of 3.75%. The loan must be repaid in full before July 2022. No securities have been put in place.

Notes to the company financial statements

26 Other receivables

in thousand €	2021	2020
Other receivables	493	472
Receivables from group companies	637	231
Corporate income taxes	-	284
VAT receivables	-	48
At 31 December	1,130	1,035

Beter Bed Holding N.V. uses a cash pool structure as a result of which there are only short-term current account intra-group balances. These intra-group balances are unsecured and carry no interest. The fair value of these intra-group balances does not differ from their carrying amounts.

All receivables fall due within one year.

27 Cash and cash equivalents

This item relates to the balance of cash in hand and at the bank. The cash and cash equivalents are at the full disposal of the Company.

28 Total equity

The authorised share capital of Beter Bed Holding N.V. amounts to € 2 million and is divided into 100 million ordinary shares with a nominal value of € 0.02 each. On 31 December 2021, a total of 27,186,564 ordinary shares were issued and outstanding.

All shares rank equally with regard to the Company's residual assets.

No shares have been repurchased and not yet cancelled. Repurchased shares are no longer included in the earnings per share calculation.

The movement in the equity items is explained in the consolidated statement of changes in equity (see page 95). The equity position in the company financial statements does not differ from its consolidated position.

in thousand €	2021	2020
Shareholders' equity at year-end	31,539	15,723
<i>Restricted reserves:</i>		
Issued share capital	(544)	(525)
Equity instruments	-	(3,814)
Revaluation reserve	-	(386)
Foreign currency translation reserve	-	(304)
Total unrestricted reserves at 31 December	30,995	10,694

Notes to the company financial statements

29 Other liabilities

The breakdown of this balance sheet item is as follows:

in thousand €	2021	2020
Borrowings	-	2,285
Payables to group companies	23,030	63,438
Corporate income taxes	3,549	3,544
Taxes and social security contributions	260	341
Other liabilities	1,885	1,641
At 31 December	28,724	71,249

Beter Bed Holding N.V. uses a cash pool structure, as a result of which there are only short-term current account intra-group balances. These intra-group balances are unsecured and carry no interest. The fair value of these intra-group balances does not differ from their carrying amounts.

All amounts included in the current liabilities are due within one year.

30 Commitments not included in the balance sheet

Together with the other Dutch operating companies, the Company is part of a fiscal unity for corporation tax purposes. Each of the operating companies is jointly and severally liable for the tax payable of all operating companies included in the fiscal unity. The Company settles the corporation tax with the operating companies concerned on the basis of the profit or loss before income tax of the operating company concerned. The Company does not form a fiscal unity for VAT purposes.

Beter Bed Holding N.V. has issued declarations of joint and several liability for all Dutch Group companies, with the exception of Nordic Bedding Company (NBC) B.V., for the obligations arising from legal transactions entered into by these Group companies. Pursuant to these letters of guarantees, the Dutch Group companies have made use of the exemption options laid down in Section 403, paragraphs 1 and 3, of Part 9, Book 2 of the Dutch Civil Code.

31 Events after the balance sheet date

Subsequent to the date of the balance sheet, no events material to the Company occurred that require disclosure other than mentioned under note 23 (see page 124).

32 Audit fees

The following auditors' fees were expensed in the profit and loss account in the reporting period:

in thousand €	PwC Accountants NV 2021	Other PwC network firms 2021	Total PwC 2021	Total PwC 2020
Audit of financial statements	240	45	285	360
- Continuing operations	240	-	240	319
- Discontinued operations	-	45	45	41
Audit-related fees	-	1	1	2
- Continuing operations	-	-	-	2
- Discontinued operations	-	1	1	-
Tax advisory services	-	-	-	-
Other non-audit services	-	-	-	-
Total	240	46	286	362

In 2021, a total of € 46 thousand (2020: 41 thousand) of services were provided related to discontinued operations.

Notes to the company financial statements

33 Appropriation of result

The Management Board proposes to distribute a dividend of € 0.15 per share (2020: € 0.00) resulting in a total dividend distribution of € 4,078 thousand and add € 9,819 thousand to the other reserves.

in thousand €	2021
Profit for the year	13,897
Addition to reserves ¹	(9,819)
Available for payment	4,078

¹ Based on the number of outstanding shares per 31 December 2021.

The proposal for the appropriation of result has not been taken into the balance sheet.

Uden, the Netherlands, 10 March 2022

Management Board

A.J.G.P.M. Kruijssen, CEO
G.E.A. Reijnen, CFO

Supervisory Board

B.E. Karis, Chair
B.M.A. van Hussen, Vice Chair
A. Beyens
M.C. Schipperheijn

Care-free sleep for a fixed monthly amount. The sleep subscription.



Independent auditor's report

To: the general meeting and supervisory board of Beter Bed Holding N.V.

Report on the annual report 2021

Our opinion

In our opinion:

- the consolidated financial statements of Beter Bed Holding N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2021 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Beter Bed Holding N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of Beter Bed Holding N.V., Uden. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2021;
- the following statements for 2021: the consolidated profit and loss account, and the consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity; and
- the notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2021;
- the company profit and loss account for the year then ended;
- the notes to the company financial statements, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Beter Bed Holding N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Independent auditor's report

Overview and context

Beter Bed Holding N.V. is a retail- and wholesale organisation in the bedroom furnishing sector. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

Revenue growth of the continuing business, the COVID-19 pandemic and related lockdowns in the countries where the group is present characterised the financial year 2021, especially in the first quarter and the last month of 2021.

The Company had a strong 2021, despite the negative effects of these lockdowns. The management board received bonuses based on the financial results of the Company. As such, the management board has specific targets related to, amongst others, revenue. These specific targets could lead to pressure on the management board in terms of overstating revenue. Therefore, we considered the risk of fraud in revenue recognition related to the assertion's existence and occurrence and cut-off as a key audit matter. Other areas of focus, that were not considered as key audit matters were the impact COVID-19, the cycle count procedures and lease accounting.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition climate-related risks. In the paragraph *use of estimates*, as part of the notes to the consolidated financial position of the annual report the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty.

The Company assessed the possible effects of climate change on its financial position. We discussed the company's assessment and governance thereof with the management board and evaluated the potential impact on the financial position including underlying assumptions and estimates. The impact of climate change is not considered (part of) a key audit matter.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a retail- and wholesale organisation. We therefore included experts and specialists in the areas of amongst others IT and tax in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: € 2,142,000

Audit scope

- We conducted audit work on the financial reporting of six entities.
- We have audited the complete financial information of Beter Bed B.V. and DBC Nederland B.V.
Specific audit procedures were performed for the components Beter Bed Financial Services B.V. and Beter Bed Holding N.V.
- Audit coverage: 93% of consolidated revenue, 97% of consolidated total assets and 87% of consolidated profit before tax.

Key audit matter

- Risk of fraud in revenue recognition due to overstating revenue.

Independent auditor's report

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€2,142,000 (2020: €2,221,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 1% of revenue.
Rationale for benchmark applied	We used revenue as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that revenue is an important metric for the financial performance of the Company. Profit before taxation is not considered an appropriate benchmark, because this would result in large fluctuations in overall group materiality year over year.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between € 1,500,000 and € 2,142,000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above € 100,000 (2020: € 100,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Beter Bed Holding N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Beter Bed Holding N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management board structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement. There are no component auditors involved in this group audit.

Our audit primarily focussed on the significant components of the Group, namely Beter Bed B.V. and DBC Nederland B.V. We subjected these two components, as those components are individually financially significant to the Group. We further subjected two components to specific audit procedures as they include significant or higher risk areas. Additionally, we selected two components for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	93%
Total assets	97%
Profit before tax	87%

None of the remaining components represented more than 5% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

Independent auditor's report

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This includes the risk assessment process and management's board process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercises oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of conduct, complaints- and whistle blower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

We furthermore inquired with members of the management board, the internal auditor, Audit Committee members and the supervisory board whether they are aware of any actual or suspected fraud, their views on overall fraud risks within the company and their perspectives on the company's mitigating controls addressing the risk of fraud.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We paid attention to whether deficiencies in controls may create additional opportunities for fraud and incorporated respective corroborative procedures in our audit approach.

Based on this assessment, we identified the following fraud risks and performed the following specific procedures:

Identified fraud risks

The risk of management override of controls

The management board is in a unique position to perpetrate fraud because of management's board ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why we, in our audits, pay attention to the risk of management override of controls with respect to:

- The appropriateness of journal entries and other adjustments made in the preparation of the financial statements.
- Estimates.
- Significant transactions outside the normal course of business.

We pay particular attention to tendencies due to possible interest of management

Audit procedures and observations

To address this specific risk, we executed the following strategy:

- We evaluated the design of the internal control measures and assessed the effectiveness of the measures in the processes of generating and processing journal entries and making estimates. We assessed the IT environment around key systems, including proper segregation of duties and cybersecurity threats.
- We performed journal entry testing procedures using risk-based criteria. In addition, we also tested manual consolidation adjustments.
- We performed substantive audit procedures in among others revenue, right of use assets, lease liabilities, valuation of inventory and useful lives of assets for key estimates made by the management board and evaluated judgements for bias. We performed retrospective reviews of prior year's estimates.
- We have not identified any significant transactions outside the normal course of business.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of internal controls.

Independent auditor's report

Identified fraud risks

Risk of fraud in revenue recognition due to overstating revenue

As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions or assertions give rise to the risk of fraud in revenue recognition.

The management board receives bonuses which are based on the financial results of the Company. As such, the management board received specific targets related to, amongst others, revenue. These specific targets could lead to pressure on the management board in terms of overstating revenue.

Therefore, we concluded that the risk of fraud in revenue recognition relates to the assertion's existence and occurrence and cut-off.

We incorporated an element of unpredictability in our audit. Furthermore, we reviewed lawyer's letters. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The management board prepared the financial statements based on the assumption that the Company is a going concern and that it will continue its operations for the foreseeable future.

Audit procedures and observations

We assessed the design and implementation of the internal control measures related to revenue reporting and assessed the effectiveness of the measures in the processes for revenue recognition and generating and processing journal entries related to the revenue.

For the specific audit work performed, we refer to the key audit matter risk of overstating revenue.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the occurrence and cut-off of the revenue reporting.

Our procedures to evaluate the management board's going concern assessment include, amongst others:

- Considering whether the management board's going concern assessment includes all relevant information of which we are aware as a result of our audit, inquire with the management board regarding its most important assumptions underlying their going concern assessment and considering whether the management board has identified any events or conditions that may cast a significant doubt on the Company's ability to continue as a going concern (hereafter: going concern risks). The assumptions underlying the management board's going concern assessment encompasses (amongst others) COVID-19 and potential store closures, (future) compliance with the covenants as included in the new financing facility and the expected development of the company's cash position including the headroom under the existing credit facility;
- Analysing the cash position per balance sheet date compared to prior year including the assessment of financing facilities of the company, to assess whether events or circumstances exist that may lead to a going concern risk. As disclosed in section 11 of the financial statements, no amounts have been drawn from the credit facility. As a result, the company was in compliance with the financial covenants as at year-end;
- Evaluating the management board's current operating plan, which covers the period until the end of April 2023, including expected cash flows, liquidity forecast and sales budget in comparison with last year, current developments in the industry and all relevant information of which we are aware as a result of our audit;
- Performing inquiries with the management board as to their knowledge of going concern risks beyond the period of their assessment referred to above.

Our procedures did not result in outcomes contrary to management's board assumptions and judgements used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matter to the supervisory board. The key audit matter is not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matter and included a summary of the audit procedures we performed on this matter.

Independent auditor's report

We addressed the key audit matter in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on this matter or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter

Risk of fraud in revenue recognition due to overstating revenue.

Note 13

Revenue is an important key measure used to evaluate the performance of the group by various stakeholders (also refer to the section 'Materiality'). Revenue is accounted for when mutual contractual obligations are met. When goods are instantly being taken by consumers in the shop, this is at the time of payment at the cash register. When goods are assembled and/or delivered at the customer's home, the sales are recognised at the moment when the transfer has led to a physical delivery of the goods. These transactions are mainly processed automatically through IT. Revenue is generated through both an online channel as well as in store.

Beter Bed Holding N.V. had a positive year during 2021 considering the COVID-19 impact and government lockdowns during that year in which the stores of Beter Bed Holding N.V. needed to close. During 2021, Beter Bed Holding N.V. experienced several additional government lockdowns.

The management board receives bonuses which are based on the financial results

Our audit work and observations

We obtained an understanding of the revenue and receivable process through performing an end-to-end walkthrough of the process and identifying individual revenue streams applicable to the Company and its subsidiaries.

We assessed the design and effectiveness of the internal control measures related to revenue recognition and in the processes for generating and processing journal entries related to the revenue. Amongst these controls are controls related to the interface between the cash-register and the financial administration, four-eye principle which is applied when making price changes, the reconciliation of electronic payments made to drivers with bank receipts and the financial administration and the automated 'three-way match'.

We paid attention to whether deficiencies in controls may create additional opportunities for fraud and incorporated respective corroborative procedures in our audit approach.

Using data analysis, we identified potential exceptions in the segregation of duties on three-way match of revenue transactions. For exceptions identified, we tested that these

Key audit matter

of the Company. As such, the management board received specific targets related to revenue. These specific targets combined with the lockdowns could lead to pressure on the management board in terms of overstating revenue.

Therefore, we concluded that the risk of fraud in revenue recognition relates to the assertion's existence and occurrence and cut-off.

Therefore, we considered the risk of overstating revenue as a key audit matter.

Our audit work and observations

entries are based on deliveries that actually took place in the financial year.

We also performed specific substantive audit procedures on revenue transactions by selecting a sample of sales transactions and tested the deliverables and transaction prices of these transactions with the underlying sales agreements, delivery documents, sales invoices and cash receipts.

We performed substantive audit procedures to determine whether credit invoices were registered in the next financial year that indicate incorrectly registered revenue in the current financial year.

We selected journal entries based on specific risk criteria and performed substantive audit procedures in which we also paid attention to significant transactions outside the normal course of business.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the occurrence and cut-off of the revenue reporting.

Independent auditor's report

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon. The annual report contains other information that consists of:

- BBH at a glance (including; Key figures, CEO's statement, Mission, Trends, Profile and Operations).
- Management report (including; Integrated Value Creation Model, 2021 Timeline, Strategy, Case study - Sleep better, live better campaign, Financial results, Case study - Top athlete, Sustainability strategy, Case study - Sustainability, People, Case study - Beter Bed Academy, Biographies, Governance, Risk Management, Outlook statement, Shareholder information and Case study - Princess Máxima Centre).
- Report of the Supervisory Board (including; Foreword by the Chair, Report of the Supervisory Board and Remuneration report).
- Other information (including; Independent auditor's report, Appropriation of result, Materiality matrix and GRI table).

We draw special attention to sustainability strategy and the GRI table, which has not been audited at all by us.

Based on the procedures performed as set out below, we conclude that the other information, excluding the above mentioned sustainability and GRI part:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Beter Bed Holding N.V. on 19 May 2015 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 19 May 2015. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of 7 years.

European Single Electronic Format (ESEF)

Beter Bed Holding N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially marked-up consolidated financial statements as included in the reporting package by Beter Bed Holding N.V. complies, in all material respects, with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion on whether the annual report in this reporting package, complies with the RTS on ESEF.

Independent auditor's report

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-up have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 33 (see page 130) to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 10 March 2022

PricewaterhouseCoopers Accountants N.V.

Original has been signed by P.J.R.M. Wijffels RA

Independent auditor's report

Appendix to our auditor's report on the financial statements 2021 of Beter Bed Holding N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of management's board use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Appropriation of result pursuant to the articles of association

Article 34 of the articles of association states the most important provisions pertaining to the appropriation of result:

Paragraph 1

Every year the Management Board, subject to approval from the Supervisory Board, determines the proportion of the company's profit – the positive balance of the profit and loss account – to be added to the Company's reserves.

Paragraph 2

The profit remaining after the reservation pursuant to the previous paragraph shall be placed at the disposal of the Annual General Meeting.

Materiality matrix

Topics

- 1 Durable product development
- 2 Innovation for better sleep
- 3 Collaboration for reuse & recycling
- 4 Customer awareness
- 5 Sustainable operations
- 6 Accessibility & affordability
- 7 Employee well-being
- 8 Certified materials
- 9 Talent attraction
- 10 Sustainable packaging
- 11 Training & development
- 12 Human rights in our supply chain
- 13 Diversity & inclusion

Materiality matrix



GRI table

Indicator	Description	Reference	Indicator	Description	Reference
Organisational profile			102-11	Precautionary principle or approach	Governance (see page 59) Risk management (see page 64)
102-1	Name of the organisation	Cover page	102-12	External initiatives	Our mission (see page 11) Our purpose (see page 12) Quality of sleep is under pressure (see page 13) The sleep domain is more relevant than ever (see page 14) Trends shaping our business (see page 15)
102-2	Key brands, products and/or services	About Beter Bed Holding (see page 18) Our operations (see page 19) Our own brands (see page 20) Our physical footprint (see page 21)			
102-3	Location of the organisation's headquarters	Our operations (see page 19) Colophon (see page 149)			
102-4	Number of countries operating	About Beter Bed Holding (see page 18) Our physical footprint (see page 21)			
102-5	Nature of ownership and legal form	Corporate Governance (see page 59)			
102-6	Markets served	About Beter Bed Holding (see page 18) Our physical footprint (see page 21)			
102-7	Scale of the organisation	Financial key figures 2021 (see page 5) People key figures 2021 (see page 7) Our physical footprint (see page 21) Our value creation model (see page 25) Financial results: revenue (see page 32)	102-13	Memberships of associations	Our mission (see page 11) Our purpose (see page 12) Quality of sleep is under pressure (see page 13) The sleep domain is more relevant than ever (see page 14) Trends shaping our business (see page 15) Our strategic objectives (see page 17) How being sustainable contributes to our mission (see page 43) Our 2025 ambitions (see page 45) Our stakeholders (see page 40)
102-8	Information on employees and other workers	Our value creation model (see page 25) People key figures 2021 (see page 51) Our people (see page 52)	Strategy		
102-9	Supply chain	CEO's statement (see page 8) Trends (see page 15) Our operations (see page 19) Our value creation model (see page 25)	102-14	Statement from senior decision-maker	CEO's statement (see page 8)
102-10	Significant changes to the organisation	CEO's statement (see page 8) Our mission (see page 11) Our purpose (see page 12) Our strategic objectives (see page 17) Our value creation model (see page 25) Our strategy (see page 29)	102-15	Most important impact, risks and chances	Our mission (see page 11) Our purpose (see page 12) Quality of sleep is under pressure (see page 13) The sleep domain is more relevant than ever (see page 14) Trends shaping our business (see page 15) Our strategic objectives (see page 17) How being sustainable contributes to our mission (see page 43) Our 2025 ambitions (see page 45)

GRI table

Indicator	Description	Reference	Indicator	Description	Reference
Ethics and integrity			Reporting practice		
102-16	Values, principles, standards and norms of behaviour	Our people (see page 52)	102-45	Entities included in the consolidated financial statements	Financial statements (see page 90)
102-17	Internal and external reporting systems for unethically, irresponsible or illegal conduct	Our people (see page 52)	102-46	Defining report content and topic Boundaries	Our sustainable journey (see page 38) Our stakeholders (see page 40) Monitor: steps from a preventive to a proactive position (see page 42) Relevant sustainability topics (see page 44) Our 2025 ambitions (see page 45) Materiality matrix (see page 143)
Governance					
102-18	Governance structure	Governance (see page 59)			
Stakeholder engagement					
102-40	List of stakeholder groups	Our stakeholders (see page 40)	102-47	List of material topics	Relevant sustainability topics (see page 44) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
102-41	Collective bargaining agreements	Our people (see page 52)	102-48	Restatements of information	KPI Scorecard (see page 47)
102-42	Identifying and selecting stakeholders	Our stakeholders (see page 40) Monitor: steps from a preventive to a proactive position (see page 42)	102-49	Changes in reporting	KPI Scorecard (see page 47)
102-43	Approach to stakeholder engagement	Our sustainable journey (see page 38) Our stakeholders (see page 40) Monitor: steps from a preventive to a proactive position (see page 42) Relevant sustainability topics (see page 44) Our 2025 ambitions (see page 45) Materiality matrix (see page 143)	102-50	Reporting period	January 1, 2021 to December 31, 2021
102-44	Key topics and concerns raised	Our sustainable journey (see page 38)	102-51	Date of most recent report	Publication date Annual Report 2020: 11 March 2021
		Our stakeholders (see page 40)	102-52	Reporting cycle	Annually
		Monitor: steps from a preventive to a proactive position (see page 42)	102-53	Contact point for questions regarding the report	Send questions or comments to: bbholding@beterbed.nl
		Relevant sustainability topics (see page 44)	102-54	Claims of reporting in accordance with the GRI Standards	About this report
		Our 2025 ambitions (see page 45)	102-55	GRI Content Index	GRI Table (see page 144)
		Materiality matrix (see page 143)	102-56	External assurance	Independent auditor's report (see page 133)

GRI table

Indicator	Description	Reference
GRI 305: Emissions 2016 (Sustainable business operations)		
103-1	Management approach: Why is this topic material?	Our sustainable journey (see page 38) Our stakeholders (see page 40) Monitor: steps from a preventive to a proactive position (see page 42) Relevant sustainability topics (see page 44) Our 2025 ambitions (see page 45) Materiality matrix (see page 143) KPI Scorecard (see page 47)
103-2	Management approach: How is this material topic managed?	Our sustainable journey (see page 38) Our stakeholders (see page 40) Monitor: steps from a preventive to a proactive position (see page 42) Relevant sustainability topics (see page 44) Our 2025 ambitions (see page 45) Materiality matrix (see page 143) KPI Scorecard (see page 47)
103-3	Management approach: How is this material topic evaluated?	Our sustainable journey (see page 38) Our stakeholders (see page 40) Monitor: steps from a preventive to a proactive position (see page 42) Relevant sustainability topics (see page 44) Our 2025 ambitions (see page 45) Materiality matrix (see page 143) KPI Scorecard (see page 47)

Indicator	Description	Reference
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Our sustainable journey (see page 38) Our stakeholders (see page 40) Monitor: steps from a preventive to a proactive position (see page 42) Relevant sustainability topics (see page 44) Our 2025 ambitions (see page 45) Materiality matrix (see page 143) KPI Scorecard (see page 47)
305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
GRI 302: Energy		
103-1	Management approach: Why is this topic material?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
103-2	Management approach: How is this material topic managed?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
103-3	Management approach: How is this material topic evaluated?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
302-1	Energy consumption within the organization	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
302-4	Reduction of energy consumption	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)

GRI table

Indicator	Description	Reference
GRI 306: Waste		
103-1	Management approach: Why is this topic material?	KPI Scorecard (see page 47)
103-2	Management approach: How is this material topic managed?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
103-3	Management approach: How is this material topic evaluated?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
306-1	Waste in the organisation	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
GRI 401: Employment		
401-1	New employee hires and employee turnover	People key figures (see page 51)
401-2	Labour/management relations	Our people (see page 52)
401-3	Health and safety at work	Our people (see page 52)
404-2	Programmes for improvement of employee skills	Our people (see page 52)
405-1	Diversity of management and employees	People key figures (see page 51)
GRI 418: Customer privacy		
418-1	Data security, privacy and cyber security	Risk management (see page 64)

Indicator	Description	Reference
Product - Circular product development		
103-1	Management approach: Why is this topic material?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
103-2	Management approach: How is this material topic managed?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
103-3	Management approach: How is this material topic evaluated?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
Own indicator	# of more sustainable products (circular, modular, naturally)	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
Promise - Innovation for beter sleep		
103-1	Management approach: Why is this topic material?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
103-2	Management approach: How is this material topic managed?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
103-3	Management approach: How is this material topic evaluated?	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)
Own indicator	% Purchases of mattresses using Beter Slapen ID	Our sustainable journey (see page 38) Our 2025 ambitions (see page 45) KPI Scorecard (see page 47)

GRI table

Indicator	Description	Reference
People - Employee safety and wellbeing		
103-1	Management approach: Why is this topic material?	KPI Scorecard (see page 47) Our people (see page 52)
103-2	Management approach: How is this material topic managed?	KPI Scorecard (see page 47) Our people (see page 52)
103-3	Management approach: How is this material topic evaluated?	KPI Scorecard (see page 47) Our people (see page 52)
Own indicator	% Mattresses returned for recycling	KPI Scorecard (see page 47)

Colophon

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