

Beter Bed Holding continues sales growth with +15.6% in first half year of 2022 and forms manufacturing joint venture in Poland

Uden, the Netherlands, 22 July 2022

Beter Bed Holding N.V. (BBH) – the Netherlands’ leading sleep specialist in retail, wholesale and B2B – today announced its results for the second quarter and first half year ended 30 June 2022.

Highlights first half 2022

- Sales growth of +15.6% to € 112.4 million (H1 2021: € 97.2 million) with gross profit increase of +12.6% to € 61.2 million.
- Continued performance with Compound Annual Growth Rate over H1 2019 to H1 2022 (CAGR) of +9.5% in sales and +9.7% in order intake.
- EBITDA and EBIT of respectively € 13.7 million and € 3.7 million, in line with same period last year.
- Online sales CAGR of +38.7% since 2019, leading to online channel share of 19.7%.
- Strong performance of New Business with +13.5% sales growth compared to H1 2021.
- Order book at € 19.4 million (-24.1% compared to 30 June 2021).
- DBC signs agreement with the French Adova Group to get the exclusive right to sell the Simmons brand (Generation collection) in the Netherlands and the Flemish part of Belgium.
- Binding memorandum of understanding signed with long-standing suppliers to acquire 33.3% interest in Polish bedding and mattresses factory.
- Newly developed supply chain network strategy to support the 2025 medium-term objectives.

John Kruijssen, CEO of BBH, comments:

“BBH again shows a half year of solid growth. Although the second quarter has been somewhat softer, mainly due to the strong comparison base, we have made good progress during the period and further grown our gross profit. We have proven that our proposition fits the needs of the customers and people increasingly recognise the importance of sleep for their health. With our strong execution capabilities, strong store network and continuously growing online presence, we remain confident that we can weather the current challenges driven by the war in Ukraine, inflation, recession, rising commodity prices and difficult labour market. We continue to adjust and strengthen our proposition and are making strong strategic progress. To further secure and streamline the supply of high-quality products for our customers, we aim to vertically integrate our value chain and I am happy to announce that we have signed a binding memorandum of understanding to form a joint venture with a long-standing strategic supplier. This partnership creates innovative power, purchasing advantage of raw materials, and more influence on margin among other things. DBC also made significant progress in the last quarters with existing and new partnerships and continued to show sales growth. We expect that the retail sector will be impacted by the low consumer spending due to the uncertainties in the market, however we are confident BBH is resilient in character and ideas and is on track to realise the 2025 targets.”

Strategic progress

A number of achievements were made within the strategic pillars as per of our growth strategy towards the goals set in 2025:

Bricks-and-Mortar

Store personnel has been trained to reflect our new way of helping our customers to find their best sleeping solution in line with our Sleep better, live better vision. The Beter Bed Experience in Groningen is performing above expectations. As part of our experimentation culture of testing and learning, the store concept has been validated with neuromarketing research to substantiate the voice of the customer and we have decided to launch a second Beter Bed Experience before the end of this year. Our objective measurement and advice system Beter Slapen ID is helping customers with independent and data-driven sleep advice which is working better than expected. Customers and store personnel find it easier to select the right sleep solution. Subsequently, Beter Slapen ID is driving conversion and a higher average ticket value in the 12 stores already equipped with the system. 30 more Beter Slapen ID's will be installed in stores before September 2022.

Online

In the bedding textile category, new photography and Computer-Generated Images (CGI) were introduced online to create a uniform and pleasing customer experience that drives conversion and growth. The supply chain for mattress sales via Amazon in Germany has been set up and the Alpine Plus brand is revitalised as an international brand for market places. Finally, the box spring configurator with high resolution 3D images was implemented, guided selling improvements were done, and a number of technical enhancements were implemented to keep the platform up-to-date with latest market standards.

New Business

New Business continues to expand. DBC has strengthened its relationship with EuroParcs to an exclusive supplier relationship for beds and mattresses for all resorts of the Group. The contract is a long-year agreement. In addition, DBC had also signed an exclusive supply contract for beds, box springs and mattresses with Unbrick – producer and operator of sustainable holiday houses and parks. Further extension of collection has been realised by signing an agreement with the Adova Group to exclusively resell the sustainable New Generation collection. The outlook for DBC is promising with new products, new partnerships and expansion in the international retail network.

Strong backbone

Following the launch of its 2025 Strategy, BBH is making good progress towards the 2025 targets. One element of the strategic journey is to vertically integrate the value chain. To this end, BBH has signed a binding memorandum of understanding to form a joint venture with its long-standing strategic supplier Veldeman and the Bovelli Group to further secure and streamline the supply of high-quality products for our customers. This partnership creates innovative power, purchasing advantage of raw materials, influence on margin and participation in company profit. Furthermore, it creates future possibilities to further scale up production. Closing of the transaction is expected in Q4 2022. Additionally, we have developed a new supply chain network strategy to support the realisation of our 2025 Strategy. This network strategy will lead to expansion of the current distribution centre in Uden, including a new head office, while BBH will sustain the operations in Nieuw-Vennep and Hoogeveen. The current planning is to open the first distribution hub in Rotterdam and depending on business needs, additional hubs will follow in the Netherlands and Belgium.

H1 2022 performance

The table below shows the key figures of the continuing operations for H1 2022, which comprises Beter Bed in the Benelux, Beddenreus in the Netherlands and our wholesale business DBC.

Key figures	2022 H1	2021 H1
Revenue (in € million)	112.4	97.2
Gross margin	54.4%	55.9%
EBITDA (in € million)	13.7	13.7
EBIT (in € million)	3.7	3.7
Net profit (in € million) from continuing operations	2.2	4.1

Financial review

Revenue

Both 2021 and 2022 are characterised by a number of external events. While COVID-19 impacted revenue in 2021, 2022 is affected by COVID-19, Ukraine, and a deteriorating macro-economic environment. Notwithstanding these challenging circumstances, BBH increased H1 2022 revenue from continuing operations by +15.6% to € 112.4 million compared with H1 2021. Compared to pre-COVID H1 2019, revenue has grown with a CAGR of +9.5%.

The table below shows the key figures of the business operations for 2022 H1.

in million €	Revenue 2022 H1	% Growth vs 2021 H1	LFL revenue growth vs 2021 H1	LFL order intake growth vs 2021 H1	Online channel share
Benelux	105.5	15.7%	15.1%	8.4%	20.5%
New Business	6.9	13.5%	13.5%	-12.3%	8.2%
Total	112.4	15.6%	15.0%	6.9%	19.7%

The table below shows the key figures of the business operations for Q2 2022.

in million €	Revenue 2022 Q2	% Growth vs 2021 Q2	LFL revenue Q2 growth vs 2021 Q2	LFL order intake growth vs 2021 Q2	Online channel share
Benelux	49.1	-2.6%	-3.2%	-13.2%	18.7%
New Business	2.8	-11.5%	-11.5%	-34.8%	8.8%
Total	51.9	-3.1%	-3.7%	-14.5%	18.2%

Gross profit and operating expenses

Gross profit for the first half of 2022 increased by +12.6% to € 61.2 million compared with € 54.3 million in the first half of 2021. The increase is driven by a higher revenue offset by a decreased gross profit as a percentage of revenue (54.4% in the first half of 2022 versus 55.9% in the first half of 2021). Total operating expenses for the first half of 2022 were € 57.5 million compared with € 50.6 million in the first half of 2021. This increase is mainly driven by temporary labour cost, marketing activities to drive order intake, logistic costs related to the new e-DC, and higher general operating costs such as energy.

Results

EBIT for H1 2022 of the continuing operations was stable at € 3.7 million (2021 first half year € 3.7 million). Finance costs were € 0.4 million and mainly comprise of interest on lease liabilities and interest paid on our positive cash balance. Net profit from continuing operations amounted to € 2.2 million compared with € 4.1 million in the first half of 2021 – the difference is a result of a tax gain recorded in H1 2021, following the announcement of the divestment of the Swedish operations, compared to a regular tax expense in H1 2022.

EBITDA for H1 2022 of the continuing operations amounted to € 13.7 million, in line with the first half year of 2021. EBITDA is defined as operating profit (EBIT) adjusted for depreciation, amortisation and impairment.

Cash flows and liquidity

Total cash flow from operating activities in the first half of 2022 was € 1.1 million (first half of 2021 € 12.3 million). The decline in operating cash flow was mainly caused by the changes in working capital.

Total cash flow from investing activities in the first half of 2022 amounted to an outflow of € 2.4 million (first half of 2021 € 1.4 million outflow). These investments include further optimisation in IT infrastructure and store improvements.

Total cash flow from financing activities in the first half of 2022 amounted to an outflow of € 12.2 million (first half of 2021 € 8.0 million), mainly related to payments of lease liabilities and dividend payment following the approval of the AGM on 11 May 2022.

Financing and solvency

Cash and cash equivalents decreased with € 13.6 million in the first half year of 2022, mainly related to the changes in working capital compared to 31 December 2021, the payment of corporate income taxes, higher capital expenditure and the dividend distribution. The Company has no outstanding wage tax and VAT payables related to the COVID-19 support measures of the Dutch government.

Solvency, according to the definition of the dividend policy, is further strengthened and amounted to 41.2% at 30 June 2022, compared with 35.5% as at 31 December 2021.

Benelux

Benelux showed a solid performance in the first half year of 2022 with revenue up +15.7% compared to the strong performance in 2021 and like-for-like order intake of +8.4%. Market data show a decline in overall traffic to both stores and online as a result of current market circumstances with large inflation rates, rising consumer uncertainty, the war in Ukraine, increasing energy prices and, as a result, an all-time low consumer confidence index.

The decrease in LfL order intake in Q2 was -13.2%. This was the result of declining traffic to both stores and online, alleviated by an increase in conversion rate and an increase of the average ticket value.

Although the second quarter shows a decline in online order intake compared to last year, market data show that we continue to outperform the market in the first two quarters of the year – driving traffic to our website more effectively.

Beter Bed was nominated for the 2022 International Experimentation Culture Award – which is a recognition of the steps Beter Bed has taken to create a sustainable innovation infrastructure and experimentation culture to drive better results. The in-store sales training programme which was introduced at the end of the first quarter not only helps to raise awareness about the importance of sleep, we also see gains in conversion rates. At the same time, the programme aided in retaining key store personnel in a very competitive employer landscape.

The new B Bright box spring collection was rolled out into stores at the end of the first quarter, bringing an updated trendy box spring assortment with a mix-and-match concept. The Beter Bed Select mattress brand has been successfully replaced by the newly introduced B Bright mattress range, including the sustainable 5000-series.

New Business

DBC

In H1 2022, revenue of DBC have grown with +13.5%, mainly due to the strong Q1. In Q2 2022, revenue was +11.5% lower. The LfL order intake decreased by -12.3% over the first half, and -34.8% in Q2, mainly due to the timing of order intake in the first half of last year, following the lockdown period.

In Q1 2022, DBC rolled out the M line Green Motion collection, consisting of circular and modular mattresses, endorsed by Dutch professional football player Vivianne Miedema, supporting the claim of better athlete performance after a night's sleep on an M line mattress. DBC has revised its M line strategy going forward to become part of the overall BBH 'Sleep better, live better' strategy. As a result, a podcast series was launched on Spotify in which professional athletes Dirk Kuijt and Kjeld Nuis explain the importance of sleep to drive top performance and results. In addition to additional marketing activities, M line also won a golden shopping award for the best web shop in the category Sleep during the Shopping Gala event in June.

During the period under review, DBC signed an agreement with the French Adova Group to get the exclusive right to sell the Simmons brand (Generation collection) in the Netherlands and the Flemish part of Belgium. DBC aims to grow its sustainable assortment. The newly added Simmons Generation collection is 100% recyclable and is therefore a perfect extension of the overall product portfolio of DBC.

Leazzy

The Leazzy sleep-as-a-service proposition continues to grow. In the second quarter of this year, the possibility to apply for a mattress subscription was added as a new service to the already existing possibility of the box spring lease, and we saw the first customers applying for this.

Sustainability update

As market leader in the sleep domain, BBH wants to set an example in making its products and its business operations more sustainable. To contribute towards the sustainability goals, BBH launched a number of new projects:

Promise

- The data-driven sleep advice with Beter Slapen ID is currently made available in 12 Beter Bed stores in the Netherlands and Belgium, with 30 additional systems being rolled out over the summer.
- Beter Bed switched entirely to green electricity at all its sites in the Netherlands. Opting for green electricity makes a reduction of 44% in CO2 emissions each year, in line with the ambition to fully become climate-neutral by 2030.
- First steps taken to make the Beter Bed vehicle fleet more sustainable, with the service department now using its first two electric vans.

People

- Centralisation of company-wide safety activities in a multidisciplinary team to guarantee the safety of everyone who sets foot within BBH and provide a safe and healthy working environment for all employees.

Product

- Improvement of the Element mattress range to offer the best sleeping products whilst minimising our environmental impact. The new version of the mattress contains more renewable materials so that customers can enjoy a better tomorrow after a good night's rest.

Risk paragraph

BBH operates in the bed and mattress segment. BBH'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 in the Audit Committee twice a year and the key points are reported to the Supervisory Board.

BBH's risk appetite is based on the Company's operational results, financial position and carefully considered financial management. Although the Company's daily operations involve taking risks, BBH adopts a prudent and balanced approach to those risks. More information about the risk appetite in the various categories defined by BBH is explained in the last annual consolidated financial statements for the year ended 31 December 2021.

Outlook

With our strong execution capabilities, our strong store network and continuously growing online presence, we remain confident that we can weather the current challenges driven by the war in Ukraine, inflation, recession, rising commodity prices and difficult labour market. We continue to adjust and strengthen our proposition, are making strong strategic progress and feel confident in our ability to increase revenues over the full year 2022. This is supported by (i) growing customer awareness of the importance of sleep; (ii) the rollout of a new shop format including Beter Slapen ID and (iii) national and international growth of DBC. BBH is offsetting current commodity price increases with continued category management improvements, ensuring a consistent value-for-money proposition to our customers, which is expected to deliver a gross margin towards the end of the year which is stable compared with 2021, despite the current challenging environment. We are increasing our capital expenditures in 2022 to update the look & feel of our existing stores, roll out Beter Slapen ID, open our first city-store concept and second experience store, whilst continuing to build our digital capabilities in front- and back end, reflecting a step up in the Company's investments to support accelerated omni-channel revenue growth as set out in our 2025 Strategy.

Caution concerning forward-looking statements

Some statements included in this report contain forward-looking statements. These statements may relate to or may affect future matters concerning future results, strategies or business plans, but may also include the impact of regulatory initiatives on the operation of BBH. Forward-looking statements may, without limitation, include words like “believes”, “intends to”, “expects”, “anticipates”, “will”, “may”, “could”, “should”, “intends”, “estimate”, “plan”, “goal”, “target”, “aim”, “remain confident” or expressions similar to those. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside the control of BBH and that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the 2021 Annual Report. All forward-looking statements and ambitions stated in this press release that refer to a growth or decline, refer to such growth or decline relative to the situation per 30 June 2022, unless stated otherwise.

This press release contains information that qualifies as inside information in the sense of Article 7 paragraph 1 of the EU Market Abuse Regulation.

Financial calendar

21 October 2022	Trading update Q3-2022
20 January 2023	Trading update Q4-2022
10 March 2023	Publication annual results + 2022 annual report
21 April 2023	Trading update Q1-2023
10 May 2023	Annual General Meeting

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, a fast-growing online presence, and a wholesale company, our team of over 1,000 dedicated employees generated € 214.2 million revenue in 2021.

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 AFC Ajax, TeamNL, Jumbo-Visma, NOC*NSF and the KNVB.

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2022 Condensed interim consolidated financial statements

Condensed consolidated balance sheet

in thousand €	30-6-2022	31-12-2021
Non-current assets		
Intangible assets	7,357	8,269
Property, plant and equipment	4,370	3,590
Right-of-use assets	45,158	49,584
Deferred tax assets	2,633	4,456
Other non-current financial assets	90	117
Total non-current assets	59,608	66,016
Current assets		
Inventories	29,717	29,998
Trade receivables	3,052	1,943
Other receivables	5,042	5,969
Cash and cash equivalents	24,452	38,005
Total current assets	62,263	75,915
Total assets	121,871	141,931

in thousand €	30-6-2022	31-12-2021 ¹
Equity		
Issued share capital	544	544
Share premium	34,401	34,401
Other reserves	(6,812)	(17,303)
Retained earnings	2,168	13,897
Total equity attributable to equity holders of the parent	30,301	31,539
Liabilities		
Non-current liabilities		
Provisions	400	350
Lease liabilities	31,646	37,002
Deferred tax liabilities	-	776
	32,046	38,128
Current liabilities		
Lease liabilities	16,664	15,986
Trade payables	17,378	24,240
Income tax payable	44	3,549
Other taxes and social security contributions	9,769	10,944
Other liabilities	15,669	17,545
	59,524	72,264
Total liabilities	91,570	110,392
Total equity and liabilities	121,871	141,931

¹ In the comparative figures, €350k has been reclassified from other liabilities to provisions for comparison purposes.

Condensed consolidated profit and loss account

in thousand €, unless otherwise stated

First half year

	2022	2021 ¹
Continuing operations		
Revenue	112,364	97,197
Materials and services from third parties	(51,184)	(42,869)
Gross profit	61,180	54,328
Personnel expenses	(24,164)	(21,700)
Depreciation, amortisation and impairment	(10,030)	(9,971)
Other operating expenses	(23,304)	(18,949)
Total operating expenses	(57,498)	(50,620)
Operating profit (EBIT)	3,682	3,708
Finance costs	(437)	(377)
Profit before tax	3,245	3,331
Income tax	(1,077)	742
Net profit from continuing operations	2,168	4,073
Discontinued operations		
Profit after tax from discontinued operations	-	(422)
Net profit	2,168	3,651
Earnings per share from all operations		
Earnings per share in €	0.08	0.14
Diluted earnings per share in €	0.08	0.14
Earnings per share from continuing operations		
Earnings per share in €	0.08	0.16
Diluted earnings per share in €	0.08	0.16

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

Condensed consolidated statement of comprehensive income

in thousand €	First half year	
	2022	2021
Profit for the year	2,168	3,651
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	-	(11)
Tax effect relating to exchange differences	-	3
Other comprehensive income / (loss) for the year, net of tax	-	(8)
Total comprehensive income for the year, net of tax	2,168	3,643

Condensed consolidated cash flow statement

in thousand €	First half year	
	2022	2021 ¹
Operating activities		
Result (loss) for the period from operations	3,682	3,708
<i>Adjustments for:</i>		
- Income taxes	(10)	(688)
- Increase/(decrease) of provisions	50	-
- Depreciation and impairment of right-of-use assets	7,498	7,325
- Depreciation and impairment of property, plant and equipment	805	1,121
- Amortisation and impairment of intangible assets	1,727	1,525
<i>Adjusted operating result for the period</i>	13,752	12,991
Working capital adjustments:		
- Decrease/(increase) in inventories	281	(2,539)
- Decrease/(increase) in trade and other receivables	(182)	73
- Increase/(decrease) in trade and other liabilities	(9,913)	6,224
<i>Change in working capital</i>	(9,814)	3,758
Share-based compensation	672	(386)
Income tax received/(paid)	(3,525)	(3,260)
Other	-	81
Discontinued operations	-	(841)
Cash flow generated from operating activities	1,085	12,343
Investing activities		
Capital expenditure on purchase of intangible assets	(815)	(632)
Capital expenditure on purchase of property, plant and equipment	(1,586)	(680)
Discontinued operations	-	(81)
Cash flow (used in)/generated from investing activities	(2,401)	(1,393)
Financing activities		
Dividends paid	(4,078)	-
Interest paid	(205)	(377)
Payment lease liabilities	(7,954)	(7,093)
Discontinued operations	-	(535)
Cash flow from/(used) in financing activities	(12,237)	(8,005)
Movement in cash and cash equivalents	(13,553)	2,945
Net foreign exchange difference	-	15
Opening balance	38,005	21,627
Closing balance	24,452	24,587

¹ Following IFRS 5, the comparative figures present the continuing operations and the cash flow from discontinued activities are presented as a single line per category.

Condensed consolidated statement of changes in equity

in thousand €	Issued share capital	Share premium	Equity instru- ments	Revalua- tion reserve	Foreign currency trans- lation reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2021	525	27,967	3,814	386	304	(25,211)	7,938	15,723
Net profit/(loss) 2021	-	-	-	-	-	-	3,651	3,651
Other components of comprehensive income 2021	-	-	-	-	(8)	-	-	(8)
Total comprehensive income	-	-	-	-	(8)	-	3,651	3,643
Profit appropriation 2020	-	-	-	-	-	7,938	(7,938)	-
Interest on equity instruments	-	-	180	-	-	(180)	-	-
Cost of share-based compensation	-	-	-	-	-	(386)	-	(386)
Balance at 30 June 2021	525	27,967	3,994	386	296	(17,839)	3,651	18,980
Balance at 1 January 2022	544	34,401	-	-	-	(17,303)	13,897	31,539
Net profit/(loss) 2022	-	-	-	-	-	-	2,168	2,168
Other components of comprehensive income 2022	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	2,168	2,168
Profit appropriation 2021	-	-	-	-	-	13,897	(13,897)	-
Dividends paid	-	-	-	-	-	(4,078)	-	(4,078)
Cost of share-based compensation	-	-	-	-	-	672	-	672
Balance at 30 June 2022	544	34,401	-	-	-	(6,812)	2,168	30,301

Notes to the condensed interim consolidated financial statements

General notes

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through the Beter Bed and Beddenreus brands. 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 condensed interim report comprises the financial information of the Company itself and that of its subsidiaries (referred to together as the Group).

The condensed interim report of the Group has been prepared by the Management Board and discussed and approved in the meeting of the Supervisory Board on 21 July 2022. This condensed interim report has not been audited or reviewed by an independent external auditor.

Basis of preparation and changed accounting policies

Basis of preparation

The consolidated interim financial data of Beter Bed Holding N.V. (BBH) included in this condensed interim report, consist of the condensed consolidated balance sheet as per 30 June 2022; the condensed consolidated profit and loss account; the condensed consolidated statement of comprehensive income; the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the period from 1 January 2022 to 30 June 2022, plus the notes.

The condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The notes constitute an integral part of this condensed interim report.

The condensed interim report does not contain all the notes and information as required for full annual financial statements and is to be reviewed in conjunction with the Group's consolidated financial statements for 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended 31 December 2021.

The condensed interim report has been prepared on a historical cost basis, except for land, which is carried at fair value. Unless explicitly stated otherwise, the amounts stated in these notes refer to the consolidated figures.

The accounting principles and policies for the determination of the result are identical to those for the 2021 financial statements.

The condensed interim report has been prepared in euros and all amounts have been rounded off to thousands (€ 000), unless stated otherwise.

Changes in significant accounting policies

In 2022, no new accounting standards are adopted by BBH that will materially impact the financial statements.

Estimates

In preparing the condensed interim report, 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.

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

Unless otherwise specified, in the preparation of this condensed interim report the significant judgements formed by the management in the application of the Group's financial reporting standards and the main sources of estimation used are identical to the judgements and sources used in preparing the consolidated financial statements for the 2021 financial year.

Discontinued operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Consequently, the comparative figures have been presented accordingly. All transitional activities are completed in the first half year of 2022. The remaining dormant legal entities will be liquidated in the second half of 2022.

Seasonality

Following the seasonal pattern in consumer demand, revenue and EBITDA are usually lower in the second and third quarter than in the first and fourth quarter. Revenue over the first half year compared to the second half year does usually not include a seasonal pattern.

Bank financing

Per 30 June 2022, the Company met all the bank covenants and no amounts are drawn under the current bank facility of € 15.0 million. Based on the net cash position of € 24.5 million, the current headroom is € 39.5 million.

Translation of foreign currency

The condensed interim consolidated financial statements have been prepared in euros. The euro is the functional currency of BBH and is the Group's reporting currency. Assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date; profit and loss account items are converted at the exchange rate at the time of the transaction. The resulting exchange differences are credited or debited to the profit and loss account.

The table below shows the applied currency rates.

	SEK/EUR	USD/EUR
Year-end exchange rates		
30-6-2021	10.1110	1.1884
31-12-2021	10.2503	1.1326
30-6-2022	10.7300	1.0387
Average exchange rates		
H1 2021	10.1359	1.2062
H1 2022	10.4753	1.0940

Impairment of trade receivables and the Group's exposure to credit risk

Credit risk is limited to the wholesale operations and trade receivables under bonus agreements. The impairment of trade receivables is based on the expected credit losses model following the simplified approach.

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

Income taxes

Deferred income taxes

The Company recognised a tax credit with the Dutch tax authorities in anticipation of the intended liquidation of the Swedish legal entities in 2021, as a result of the divestment of the Swedish business activities which amounted to € 3.5 million per 31 December 2021. The liquidation is expected to be finalised in the second half of 2022. As a result, the current tax liability for 2022 falls under the same tax jurisdiction and is therefore offset against the deferred tax asset, resulting in a decrease in the deferred tax assets per 30 June 2022.

Effective tax rate

The effective tax rate for H1 2022 is 33.2% and constitutes of our profit before tax multiplied by the Dutch tax rate and non-deductible share-based compensation expenses.

The effective tax rate for H1 2021 was affected by the recognition of a tax credit with the Dutch tax authorities in anticipation of the intended liquidation of the Swedish legal entities.

Earnings per share and dividend

The movements in the equity items are shown in the consolidated statement of changes in equity. As per 30 June 2022, a total of 27,186,564 shares were issued and paid up. During the reporting period, the number of issued and fully paid shares remained unchanged. BBH does not hold shares in portfolio.

The average number of outstanding shares during the reporting period for the calculation of the earnings per share was 27,186,564. The number of shares used to calculate the diluted earnings per share is equal to 28,237,386.

Following approval of the Annual General Meeting on 11 May 2022, a dividend in cash of € 0.15 per ordinary share was paid.

Events after the balance sheet date

The following subsequent event has occurred after 30 June 2022 at BBH.

Memorandum of understanding related to Polish manufacturing facility

On 21 July 2022, Beter Bed Holding N.V. through its 100% subsidiary European Bedding Participations B.V. which was newly established in July 2022, entered into a binding memorandum of understanding with the Bovelli Group and the Veldeman Group to acquire a 33.3% interest in a Poland based bedding manufacturing company. Preparations are currently ongoing and the Company expects final closing of the transaction in Q4 2022.

Statement from the Management Board

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht), the Management Board, to the best of her knowledge, hereby confirms that:

- the 2022 condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the company and the entities included in the consolidation;
- the 2022 condensed interim consolidated financial statements give a true and fair view of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and, the most important related party transactions.

Uden, the Netherlands, 21 July 2022

Management Board

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

G.E.A. Reijnen,
CFO