

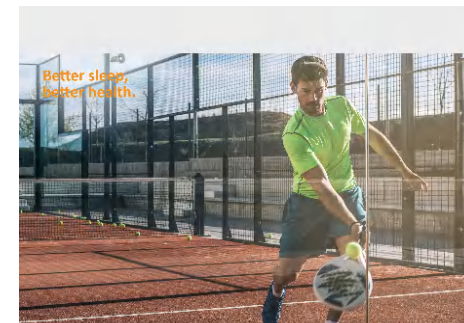


BetterBed
holding

Sleep better, live better.

In focus

2022 Annual Report

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Beter Bed Holding at a glance (part of the Management report)

A man with short brown hair and a light beard, wearing a brown button-down shirt, is sitting at a desk in an office. He is smiling and looking at a silver laptop. His hands are on the keyboard. The background is a blurred office environment with green plants and a glass partition.

**Better sleep,
better productivity.**

Financial key figures



Revenue (in € million)

2022	229.4
2021	214.2

Gross margin

2022	55.1%
2021	55.1%

Online channel share

2022	18.3%
2021	23.4%

EBITDA¹ (In € million)

2022	28.8
2021	33.2

Free Cash Flow² (In € million)

2022	3.8
2021	16.2

Net cash (/debt)³ (In € million)

2022	37.7
2021	38.0

¹ EBITDA is defined as operating profit (EBIT) adjusted for depreciation, amortisation and impairments.

² Free Cash Flow is defined as cash from operating activities less capital expenditures, less payments of lease liabilities and less interest paid.

³ Net cash (/debt) is defined as cash and cash equivalents less interest-bearing debt.

Sustainability key figures



Promise

Percentage of mattresses purchased after using Beter Slapen ID

2022 **58%**

2021 **15%**



Promise

CO₂ emissions

2022 **2,252 tonnes**

2021 **6,237 tonnes**



People

Number of training hours per FTE

2022 **14 hours**

2021 **16 hours**



People

Percentage of suppliers to have signed the code of conduct

2022 **100%**

2021 **81%**



Product

Percentage of more sustainable products

2022 **16%**

2021 **15%**



Product

Percentage of mattresses returned for recycling

2022 **13%**

2021 **11%**

People key figures



Number of employees

2022	1,047
2021	1,084

Number of FTEs

2022	911
2021	937

Age diversity

	<30	30-50	>50
2022	29%	39%	32%
2021	32%	38%	30%

Gender diversity

	♀	♂
2022	44%	56%
2021	44%	56%

Gender diversity Supervisory Board¹

	♀	♂
2022	50%	50%
2021	40%	60%

Gender diversity Management Board²

	♀	♂
2022	50%	50%
2021	50%	50%

¹ Our goal is that the Supervisory Board exists of a minimum of 33% of either gender. In 2022, the Supervisory Board consisted of 2 women and 2 men.

² Our goal is that the Management Board exists of a minimum of 33% of either gender. In 2022, the Management Board consisted of 1 woman and 1 man.

CEO's statement



John Kruijssen, CEO

"In 2022 we ramped up our activities to promote healthy living through better sleep"

Over the last year, our team has made considerable progress in building our businesses, demonstrating resilience, responsibility and resourcefulness at a time marked by challenging macroeconomic circumstances. While the year began with a complete lockdown in the Netherlands, our strategic change in positioning from bedding retailer to sleep specialist continued unabated, which was recognised by customers, and reflected in an increase in market share. We can be pleased that the strength of this strategic transformation translated into solid financial results despite the volatile and challenging global landscape.

From bedding retailer to sleep expert

At Beter Bed Holding (BBH), we have a simple yet highly significant mission: *we believe the better people sleep, the happier, healthier and more productive they are. And we won't rest until everyone gets the high-quality sleep they deserve.* The spirit of this mission is encapsulated in four words – *Sleep better, live better* – which are not only a strategic compass for all that we do, but also a message that connects with and inspires our customers and employees.

From our advertising campaigns to events such as the launch of our Sleep Manifesto, 2022 saw us ramp up our activities to promote healthy living through better sleep. This work gained real public attention and traction, underlining why thought leadership is today so central to our work as a sleep specialist. Customers value the level of in-store expertise they receive, while new members of our team are inspired to work for an organisation that strives to improve people's lives.

Our financial performance

2022 saw a very challenging macro-economic climate, with the war in Ukraine and the after-effects of COVID-19 leading to high inflation and low consumer confidence, which impacted all our businesses. While we did not meet our net profit aspirations for the year, our company nevertheless performed well and continued to achieve solid financial results.

CEO's statement

As a result of management actions, order intake, sales and gross margin all increased in the second half of the year. We also took action on a number of operating cost drivers, and expect the positive effect of which to materialise in 2023.

I am pleased that our strategic decisions are continuing to lead to top line growth, with revenue of € 229.4 million and organic revenue growth of 7.1%. EBITDA margin amounted to 12.6%, while we recorded a net profit of € 5.3 million. Order intake is a particularly important indicator of future growth in our sector, and this increased by a solid 5.0% over the year. Our market-leading omni-channel approach, which is key to establishing broader and deeper relationships with our customers, is continuing to prove successful. Online channel share remained high at 18.3%, demonstrating that we are on track to achieve our 25% channel share goal in 2025.

Leading in transforming the market for sleep

One year into the growth strategy that we communicated in 2021, we remain committed to the ambitious targets we set ourselves: doubling our business in the next five years; accelerating online sales to at least 25% of Group revenue; and securing an EBITDA margin of between 16% and 19%. In the meantime, we have taken significant steps to limit the impact on the environment of our own operations, contributed to a better sleeping community, and improved the working place for all staff involved in our supply chain, as part of 2025 sustainable strategy.

During the last 12 months, we took a number of important steps in the execution of our strategy, introducing new and innovative store formats as we continue to transform our customers' experience. Following the huge success of our first experience store in Groningen, we opened the doors to our Eindhoven Ekkersrijt experience store in December, and more such stores will be rolled out in the future. In addition, we also began piloting a new 'Beter Bed City' format store to examine how we can offer the key elements of our collection in a high-traffic location with a small store footprint.

Beter Slapen ID has proven to be a game changer in bringing our *Sleep better, live better* purpose alive, and a significant commercial success. First introduced in our experience stores, the technology represents a key differentiating tool between us and the market. All stores where Beter Slapen ID has been introduced have seen a significant uplift in customer satisfaction (NPS), ticket value and conversion rate. Full roll-out across our entire Beter Bed store network is set to be completed in the first half year of 2023.

Innovation was not limited to new technology alone. 2022 saw us update our box spring and bedding collections to meet changing demands, in addition to sharpening how we position our different brands to make it simpler for customers to choose a sleep solution that meets their individual needs and budget.

“Our strategy is lived by our 1,000-strong team of Beter Bed ambassadors”

Our leading online presence enables us to connect with and serve customers how and where they wish to shop, in addition to fuelling innovation elsewhere across our business. Online sales in 2022 were once again strong, amounting to € 42.1 million. While the figure for the year was lower than that of 2021 (€ 50.1 million), online sales last year were inflated due to the effect of longer lockdowns in 2021 than in 2022. Indeed, the second half of 2022 saw consecutive quarters of growth in online sales compared with 2021, indicating that we are on track to grow towards our ambitious online channel share target by 2025. What is more, initiatives to enhance the online customer journey, such as the introduction of new online advise tools, led to a significant improvement in online NPS, which increased by 33% compared with 2021.

Excellence online continues to drive excellence offline across our wider business. Embracing data analytics, for instance, has been particularly insightful for our stores, which are today more data driven and knowledgeable about our customers evolving demands than ever before. Moreover, the addition of our team of digital experts has helped create a new culture of experimentation, learning and innovation in a traditional retail environment.

Empowering our people

Beter Bed is to its very core a people business. We exist to help people, and the continued progress that we as a company have made over the last year is a tribute to our entire team, to whom I would like to express my thanks and appreciation for their commitment and hard work.

CEO's statement

Through events, trainings, onboardings and internal communications, we have placed a tremendous emphasis on ensuring that everyone at Beter Bed understands our strategy and how it is relevant to them individually and collectively. I am proud not only that our *Sleep better, live better* purpose today truly resonates across our organisation, but also that we have moved from having a strategy that is understood by employees, to one that is lived by our 1,000-strong team of Beter Bed ambassadors. This, for me, is the definition of being a purpose-driven organisation.

“We have taken significant steps to limit the impact on the environment of our own operations”

We continue to focus on creating a more diverse and inclusive workforce so that our business reflects the society it serves. This enhances our business in multiple ways, as we benefit from a balance of voices and diversity of thought, we become a more creative and innovative organisation, and we are able to attract the top talent to work with us. To this end, I am pleased that 2022 saw BBH achieve the Social Entrepreneurship Performance Ladder (PSO) certificate in recognition of our focus on supporting people who are in a vulnerable position in the labour market.

Our commitment to a better tomorrow

Focusing on becoming a truly sustainable organisation is driving change across our three sustainable pillars: promise, people and product. In line with our promise to enable everyone to have the best quality sleep, and to do so in a sustainable way, 2022 saw us transition to 100% green electricity and become more energy efficient for all our in-house operations. This resulted in a saving of 3,985 tonnes of CO₂ or 64% of our own operations' carbon emissions over the year, which represents an important step towards our goal to be carbon neutral by 2030.

Through our activities we touch many people's lives both within and beyond our organisation. The safety and well-being of our team is of particular importance, and we have made significant investments to enhance safety across our company. Furthermore, we secured the commitment of 100% of our suppliers to our Code of Conduct, which outlines how we expect them to conduct business. We will continue to engage with suppliers to ensure that these high standards are met. Any identified as being 'high risk' against 13 ESG factors will be audited by an independent service provider, with relations terminated if they do not share our strong commitment to human rights and a more sustainable world.

We are striving to become an ever more circular business. During 2022, we adopted four sustainable product categories – circular, modular, certified natural, and certified recycled – which now form part of our tender criteria for the development of new products, in addition to enabling us to report the percentage of sustainable products as a KPI. In particular, we announced our intention to triple the number of our sustainable products from 15% to 45% of our entire offering across our company by 2025.

Our confidence in the future

Reflecting on the last year, I believe we can look to the future with real confidence. 2022 demonstrated that our business is built on strong and sustainable foundations, and that our strategy to forge deep and meaningful relationships with our customers is proving successful.

In a world in which the importance of sleep is understood and valued like never before, consumer demand for the combination of sleep solutions and expertise that we provide is only set to rise. As we journey to 2025 and beyond, I am confident that this increased demand from an ever more sleep-savvy public will be matched by our ambition to make good on our purpose, by our commitment to innovate, and by our focus on growing the market for sleep, extending our leadership position and creating long term shareholder value.

John Kruijssen,
CEO Beter Bed Holding N.V.

Uden, the Netherlands, 9 March 2023

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 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**, which encapsulates the spirit of our mission in a simple and customer-friendly way:

Sleep better, live better.

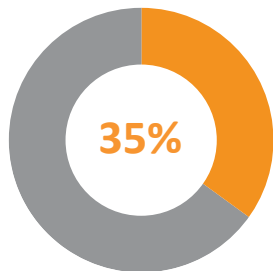
Quality of sleep is under pressure



Importance
of sleep

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

Hours of sleep



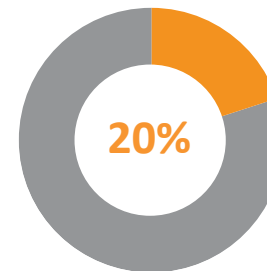
While adults need an average of seven or more hours of sleep a night for optimum health and well-being, **35% of people** get less than six hours of sleep a night.

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 € 15 and € 30 billion!

The sleep domain is more relevant than ever

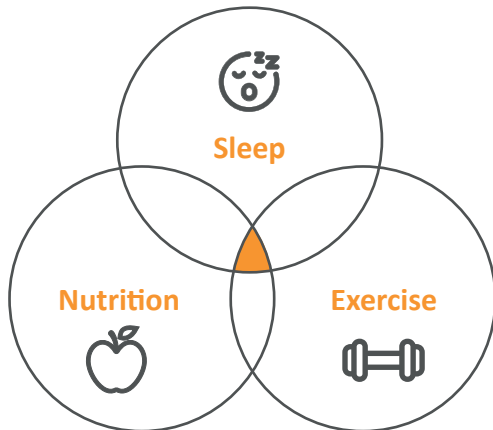


Relevance
sleep domain



Sleep as the 'third pillar of health'...

Pillars of health



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

Average EUR spent and time allocated



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

Expected annual growth of sleep devices and health trackers



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



Trends



Trends shaping our business

As a 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



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. In the last ten years, however, sleep has taken its place as a '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. In 2019, 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 research conducted by Trimbos Institute in the Netherlands, advising the government to increase public awareness about the effects of insufficient qualitative sleep.

5

Sustainability

Sustainability is 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 designed for disassembly and moving towards the use of 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.

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 with sustainable choices 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 a 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 brands M line and Simmons.

With **4 distribution centres**, a fleet of **80 vehicles**, **131 stores**, a fast-growing online presence and a wholesale company, our team of over **1,000 dedicated employees** served over **300,000 customers** and generated **€ 229.4 million** in revenue in 2022.

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.



4 distribution centres



80 vehicles



131 stores



1,000+ dedicated employees



300,000+ customers



€ 229.4 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.



www.beterbed.nl
www.beterbed.be

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.



www.beddenreus.nl

DBC International

DBC (Dutch Bedding Company) International markets a range of high-quality sleeping systems and brands developed in-house. DBC supplies M line, Wave, Iconic, and Simmons 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.



www.mline.nl
www.wavebymline.nl

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 are run 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 2022, our online channel share grew to 18.3% of our revenue.



www.leazzzy.nl

Selection of our own brands



With **B Bright**, customers can define exactly how they want to sleep, by endlessly combining comfort and style, until it matches their preference. The wide range consists of box springs, beds, storage boxes and beds and (top) mattresses. Mix, match and sleep well.



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



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



Maxi only wants one thing: to let everyone sleep better than yesterday. Preferably tonight! With comfortable mattresses, beds and matching bed sheets, that sleep well, but also looks good and always at a mini price.



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 the 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
Leidschendam
Naaldwijk
Rotterdam
Sliedrecht
Spijkenisse
The Hague
Vlaardingen
Zoetermeer
Zoeterwoude

Belgium







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

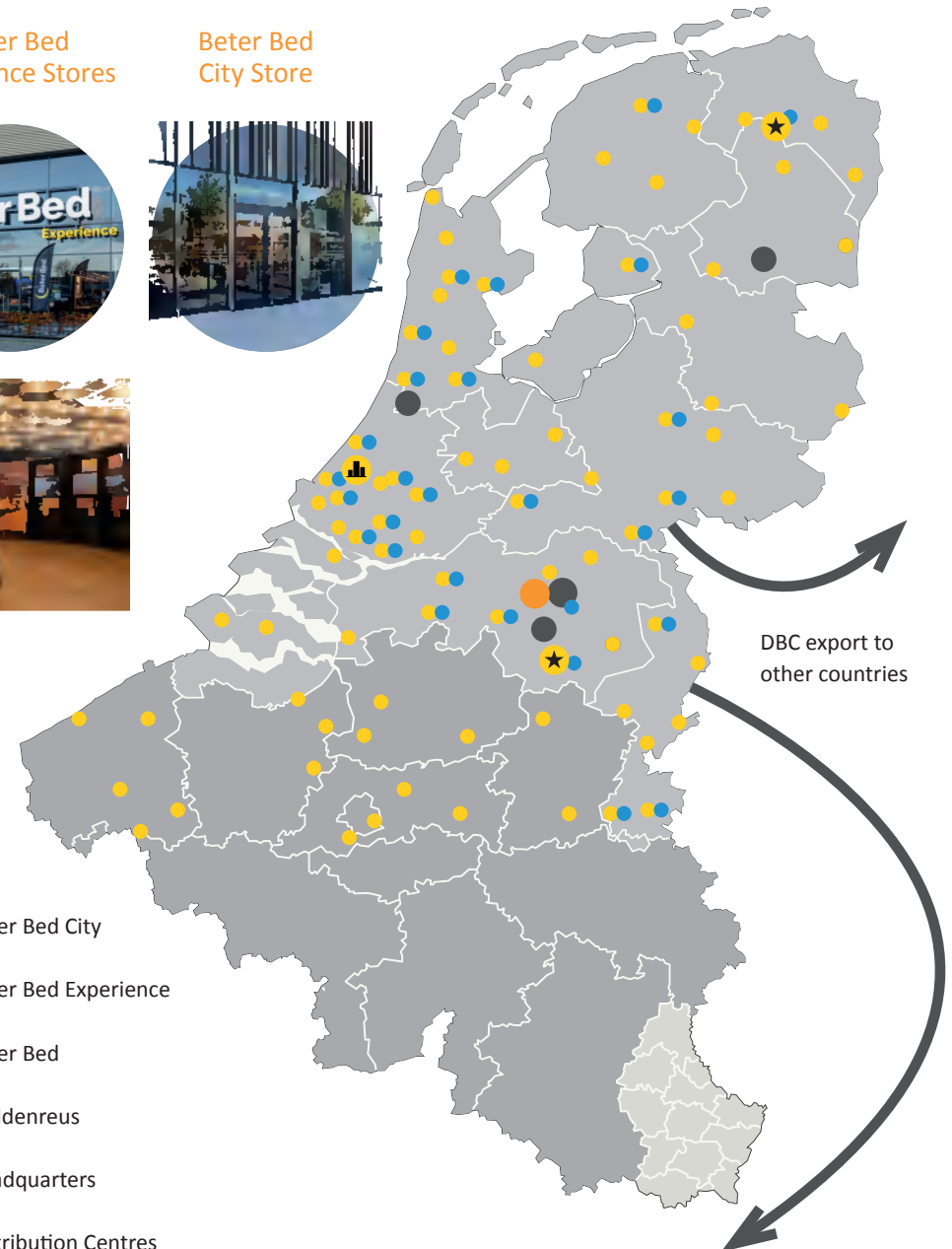
Beter Bed Experience Stores



Beter Bed City Store



-  Beter Bed City
-  Beter Bed Experience
-  Beter Bed
-  Beddenreus
-  Headquarters
-  Distribution Centres



Our Group Leadership Team



1. John Kruijsen
CEO

2. Gabriëlle 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. Cyril van Seumeren
Category Management &
Supply Chain

10. Pieter-Bas Stehmann
DBC International

11. Ehtasham Akram
Information Technology





Kårlsson

Scandinavian sleeping.



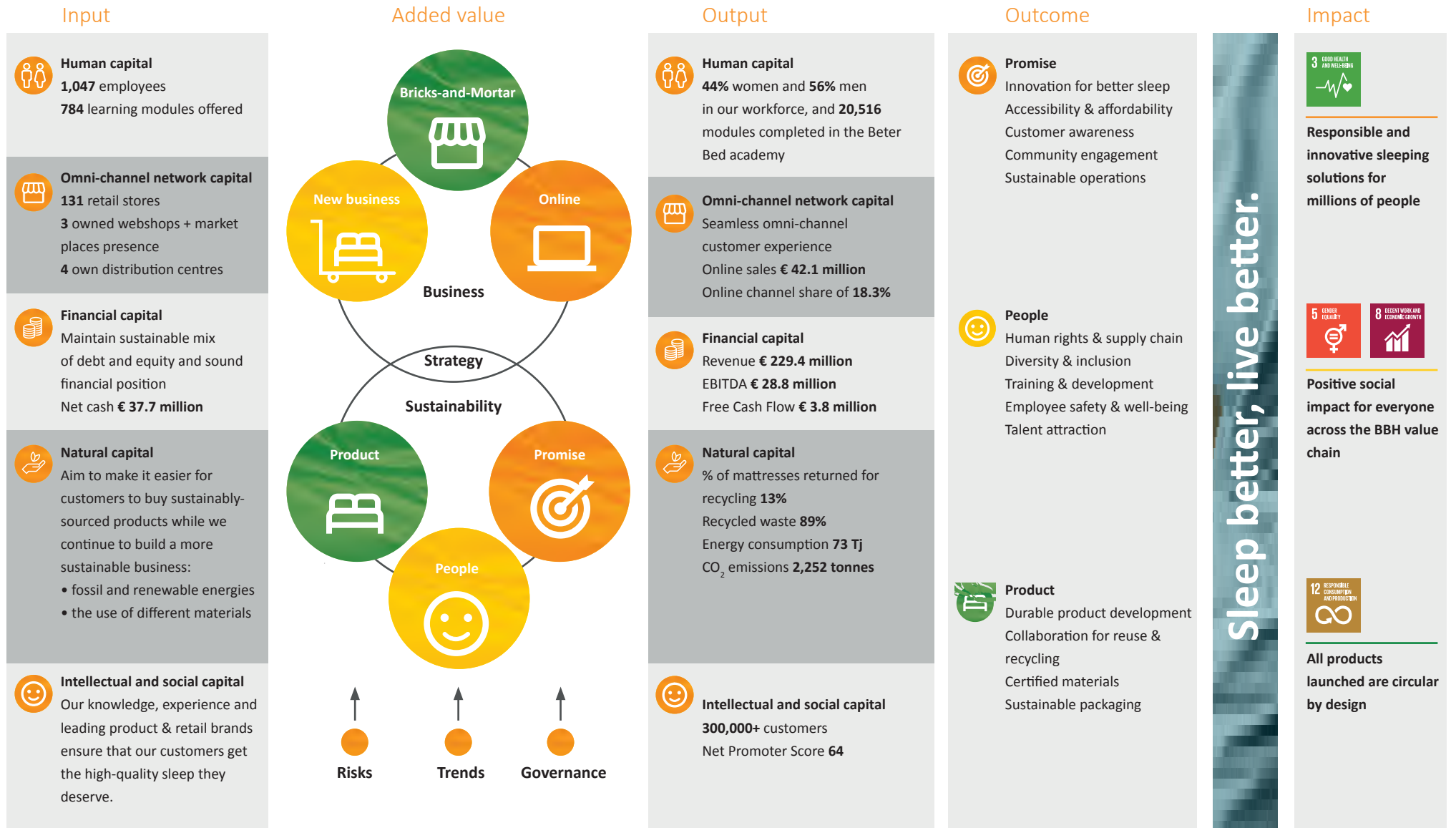


Management report

A photograph of a man with a beard and curly hair, wearing a dark blue button-down shirt, holding a young child with brown hair and bangs, wearing a light blue patterned shirt. They are both smiling and looking towards the camera. The background is a soft-focus outdoor scene with green foliage and a clear sky.

Better sleep,
better family life.

Integrated value creation model



2022 Timeline



February 2022

BBH speeds up transition to climate-neutral operations

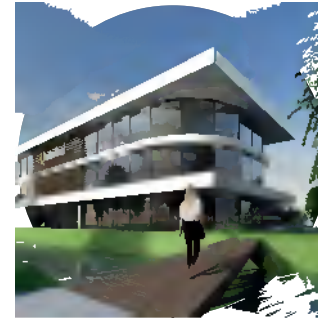
Going forward, our head office, distribution centres, and more than 100 stores will all only use electricity generated by wind power from European wind farms.



June 2022

Beter Bed launches online box spring configurator

that allows customers to configure their new box spring to their liking. Thanks to the latest real-time 3D rendering techniques, every choice the customer makes is instantly visible, down to the smallest detail.



June 2022

BBH announces plans for new distribution centre & head office

BBH presents its supply chain network strategy, including plans for a new sustainable and modern central distribution centre and headquarter.

May 2022

M line continues partnership KNVB, Ajax, Jumbo-Visma and announces new brand ambassadors Cody Gakpo and Vivianne Miedema

A good night's sleep is essential for top-class performance. That is why M line, Official Supplier of TeamNL, ensures that top athletes can sleep on their own M line mattress and pillow.



June 2022

M line wins the Shopping Award for the second year in a row

During the 20th annual Shopping Awards Gala M line won a golden award for the best webshop in the category Sleep.



July 2022

Beter Bed modernises its assortment with the rebranding of B Bright & Kårlsson

Beter Bed introduces an updated collection of B Bright and Kårlsson beds and box springs. The collection was designed in house with the popular mix-and-match philosophy in mind, resulting in more options and sustainable choices for customers at lower inventory levels.



2022 Timeline



September 2022

Beter Bed launches a manifesto to improve sleep awareness and help people sleep better

Professor Dr. Matthew Walker, an internationally renowned sleep scientist and author of 'Why We Sleep', supports our campaign to highlight the lack of sleep awareness by signing BBH's sleep manifesto.



September 2022

Beter Bed wins the awards for Best Retail Chain and Best Webshop Award in the Netherlands for the 5th time

Both prizes were public awards in the 'Bedroom Furnishings' category. From 19 May until 28 July, over 300,000 consumers voted for their favourite webshop and retail chain.



December 2022

Beter Bed strengthens sleep expertise and enhances its expert network

BBH offers its own employees and sleep manifesto supporters trainings and courses in cooperation with sleep expert Dr. Aline Kruit. In addition, to help people in the Netherlands and Belgium to sleep better on a daily basis, Beter Bed expands its expert network by working with sleep expert Dr. Merijn van der Laar.

September 2022

Adova Benelux appoints DBC International as exclusive distributor

DBC International signed a partnership agreement to represent the international Simmons brand. The distribution agreement enables DBC International to distribute the Simmons collection in the Netherlands and Flanders. Simmons distinguishes itself in its products by using natural raw materials and recycled materials only.



September 2022

Launch of Beter Bed city & Beddenreus new concept

Thanks to creative use of space (130 m²), and the adoption of new technologies, customers get a complete picture of Beter Bed's assortment and services, with plenty of sustainable options available in Beter Bed city. Beddenreus will continue to be a sleep discount formula, as it has been for 25 years, and its philosophy has been much more sharply defined with the focus on its customers.



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 and create a new look & feel by providing innovative new technology and easy-to-shop tooling such as in-store kiosks for self service, in addition to improving energy efficiency.

In addition, we have started to add new formats, such as our experience stores and city store format. Following the launch of the first Beter Bed Experience store in Groningen, we opened our second Beter Bed Experience store in Eindhoven. In 2022, the limited size Beter Bed city store format was launched at a high-traffic location. This store format offers a more focused assortment, including a number of cash & carry products for convenience. Technological innovations provide a totally different experience, enabling 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 is 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 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 LUNEXT organisation to further professionalise our e-commerce department and established a data & analytics team dedicated to improving an omni-channel customer journey, gaining data-driven insights to drive efficiency across our organisation and developing our predictive data analytics.



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 that choose M line as their preferred sleep supplier. To increase our relevance in international wholesale, we are expanding our assortment to include more brands such as Simmons, which was added to the portfolio in September 2022. As well as additional brands, we are introducing innovative and sustainable sleep solutions to the market.

We are continuing to launch 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, pillow replacement, and returns for reuse or recycling. After successfully launching a box spring lease subscription model through Leazzzy, we have added additional services to our subscription propositions. Looking ahead, we see 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

Our Sleep Manifesto promise

The Science of Sleep

To mark the launch of Beter Bed's manifesto for better sleep, BBH invited Matthew Walker, one of the world's most renowned and respected sleep experts, to a special event on the first of September 2022. The event, which was organised in cooperation with our supplier Veldeman, was livestreamed on YouTube and Beterbed.nl, with the audience learning from Walker's insights from his ground-breaking work as Professor of Neuroscience and Psychology at the University of California, Berkeley, and as Director of the Center for Human Sleep Science, and sign Beter Bed's manifesto for better sleep.

The importance of sleep

As new discoveries continue to inform sleep scientists' understanding of sleep, Walker stressed how fundamental it is to our mental and physical health and well-being, and why he is so passionate about encouraging others to take sleep seriously. "We now have to ask, is there any major operation of your brain, or is there any physiological system in your body that isn't wonderfully enhanced when you get sleep or demonstrably impaired when you don't get enough."

"If we just focus on the brain. Sleep is important for learning and memory, for creativity and we've discovered that it's remarkable at stabilising your emotional and mental health. The past 20 years, we've not been able to discover a single major psychiatric condition in which sleep is normal and did not have an effect. We used to think it was a symptom. Now what we've realised is that it's also a cause."

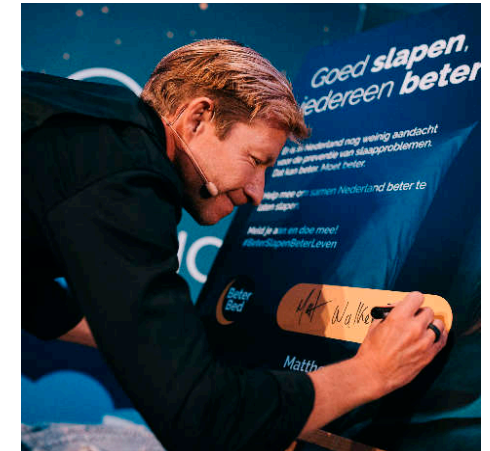
Sleep is also proven to inspire creativity and problem solving, with Walker citing famous examples such as Paul McCartney, who wrote Let It Be, and Dmitri Mendeleev, who invented the periodic table, immediately after waking up. "So, in some ways, sleep is almost like informational alchemy. No one has ever said you should stay awake on a problem. Instead, they say you should sleep on a problem."

Sleep debt

Despite this, Walker explained that society has developed a major sleep debt – something that has been made worse as tablets, phones and TVs have encroached into the bedroom. Paying off this debt is not as easy as many people think.

"Your sleep debt is your natural sleep need minus the amount of sleep that you're actually getting. And the difference between those two creates a debt. But the problem with that debt is that for most people it's not just a debt once. It's a debt every single night of the week. And then you try to sleep a little bit more at the weekend, but you can never get back what you lost. And so, you keep developing this debt. It's a little bit like compounding interest on a loan with the bank. It just keeps building and building and getting exponentially worse."

A lack of sleep is therefore often caused by a lack of awareness of the importance of sleep. "One of the big issues with a lack of sleep is that for the most part, you don't know that you're sleep deprived when you're sleep deprived. It's a little bit like a drunk driver at a bar. They pick up their car keys and they say to you, 'I'm fine to drive home'." This difference between sleep perception and reality is often stark, he says: "We overestimate how well we're doing mentally and emotionally, and we overestimate how well we're doing physically."



"We define good sleep in a number of different ways. It's not just about quantity. It's also about quality. And you need both"

Our Sleep Manifesto promise

If the importance of sleep and the effects of undervaluing it were in any doubt, Walker underlined the causal link between sleep disorders and Alzheimer's disease. "If you sleep deprive a human being for one night, or if you just selectively deprive them of their deep sleep for one night, the next day we see an immediate accumulation of the toxic proteins associated with Alzheimer's disease."

"One of the big issues with a lack of sleep is that for the most part, you don't know that you're sleep deprived when you're sleep deprived"

It is therefore wrong for society to celebrate or try to emulate the sleeping habits of high-profile figures famous for getting by on very limited sleep, he added: "Ronald Reagan was very chest beating about how little sleep he needed. Margaret Thatcher suggested that she only needed four hours of sleep. I don't think it's coincidental that both Reagan and Thatcher went on to develop Alzheimer's disease, and it took both of their lives."

Ingredients for good quality sleep

As to what he defines as good quality sleep, Walker is clear that it is all about getting the right mix. "We define good sleep in a number of different ways. It's not just about quantity. It's also about quality. And you need both. So, you can't just get four hours of sleep, and that it's really good quality sleep, and be okay. But you also can't get nine hours of sleep of really bad quality and be okay. When it comes to quantity, right now the recommendation is somewhere between seven and nine hours is essential for most adults."

Getting those seven to nine hours of high-quality sleep is sometimes easier said than done, which is why Walker shared his top tips with the audience. The first is all about establishing a routine. "Regularity is king. Go to bed at the same time and wake up at the same time. No matter if it's the weekend or the weekday."

His second tip concerns light, or rather a healthy lack thereof. "We are a dark deprived society in this modern era. And we need darkness at night to trigger the release of a hormone called melatonin, which helps with the timing of our sleep." The solution? "In the last hour before you go to bed, turn down half the lights in your house or even 75 percent of all the lights, and you will be surprised about how sleepy that makes you feel."

Temperature also plays an important role. "Keep it cool. Your brain and your body need to drop their core temperature by about one degree Celsius for you to fall asleep and stay asleep. So, aim for a bedroom temperature of about 18.5°C."

Simply trying to sleep is not the solution for those unable to fall asleep. "Walk it out. Don't stay in bed awake for long periods of time. If it's been 20-25 minutes, get up and get out of bed. Go and do something else. In a dim room, listen to a podcast or read a book. Only return to bed when you're sleepy. You would never sit at a dinner table waiting to get hungry. So, why would you lie in bed, waiting to get sleepy?"

Sleep awareness

With the world facing what he described as a "global sleep loss epidemic," Walker was delighted to sign Beter Bed's Manifesto, concluding the event with a call to action. "Sleep is still the neglected stepsister in the health conversation of today. We speak about exercise and diet, and we always have. Sleep has been out in the cold for so long. I think it's finally starting to have its voice."



Matthew Walker, a British scientist, earned his PhD in neuroscience from the Medical Research Council in the UK, and subsequently became a Professor of Psychiatry at Harvard Medical School. He is currently Professor of Neuroscience and Psychology at the University of California, Berkeley, and Director of the Center for Human Sleep Science. Walker has published more than 100 scientific research studies and has received numerous funding awards. His book 'Why We Sleep' is a New York Times bestseller and he has given a main-stage TED Talk that has been viewed over 14 million times.

Financial key figures



Revenue (In € million)

2022	229.4
2021	214.2

Gross Margin

2022	55.1%
2021	55.1%

EBIT (In € million)

2022	8.7
2021	14.8

EBITDA¹ (in € million)

2022	28.8
2021	33.2

Free Cash Flow² (in € million)

2022	3.8
2021	16.2

Net cash (/debt)³ (in € million)

2022	37.7
2021	38.0

Net profit⁴ (in € million)

2022	5.3
2021	12.5

Online channel share

2022	18.3%
2021	23.4%

¹ EBITDA is defined as operating profit (EBIT) adjusted for depreciation, amortisation and impairments.

² Free Cash Flow is defined as cash from operating activities less capital expenditures, less payments of lease liabilities and less interest paid.

³ Net cash (/debt) is defined as cash and cash equivalents less interest-bearing debt.

⁴ Net profit from continuing operations.

Financial results

Financial results

Revenue

Revenue from continuing operations in 2022 was € 229.4 million, which is 7.1% higher compared with € 214.2 million in 2021. This revenue growth was driven by the Benelux operations, as the New Business operations showed a slight decrease compared with the prior year. The Benelux reported year-on-year revenue growth of 8.0%, whereas New Business, which includes the DBC wholesale business, had a 6.3% decrease in revenue growth. The Group's online revenues amounted to € 42.1 million, with a full-year online channel share of 18.3%. From a geographical perspective, 93% of revenue in 2022 was generated in the Netherlands (2021: 93%) and 7% in Belgium (2021: 7%).

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 7.0% to € 126.4 million, compared with € 118.1 million in 2021.

Other income

No other income was recognised in 2022. 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 2022 were € 117.7 million, compared with € 104.2 million in 2021. Personnel expenses of € 49.5 million were higher compared with € 43.9 million in 2021. This increase is mainly driven by the comparison base in 2021 as a result of the lockdown period, higher temporary labor cost, and non-cash share-based compensation expenses in 2022. Depreciation, amortisation and impairment expenses were € 20.1 million in 2022, compared with € 18.4 million in 2021. This increase was mainly driven by higher depreciation charges related to the right-of-use assets. Other operating expenses increased from € 41.9 million in 2021 to € 48.1 million in 2022. This was mainly driven by higher warehouse and logistic expenses associated with the higher revenue volume and following the opening of our e-DC in Veghel in November 2021, further marketing investments to grow our online and offline order intake, and general costs associated with the further implementation of our strategy.

Results

Operating profit (EBIT) was EUR € 8.7 million in 2022 compared with € 14.8 million in 2021. This was driven by revenue volume increase, maintaining a stable gross margin, and offset by the realised other income in 2021 and increased operating expenses in 2022. Net profit in 2022 amounted to € 5.3 million (2021: € 13.9 million). The total net result for the year 2021 included a profit from discontinued operations of € 1.3 million and a tax gain of € 3.5 million following the divestment of our Swedish operations.

Non-GAAP measures

Underlying EBIT. Underlying EBIT is defined as operating profit (EBIT) adjusted for acquisition and divestment related costs, incremental operating costs, restructuring costs, share-based compensation costs, and other income, and was € 10.6 million in 2022 (2021: € 14.5 million). Reported IFRS EBIT was adjusted for the following items, gains on sale-and-leaseback transactions of nil in 2022 (2021: € -0.9 million), acquisition and divestment related costs of € 0.3 million in 2022 (2021: € 0.2 million), and share-based compensation costs of € 1.6 million in 2022 (2021: € 0.4 million).

EBITDA. EBITDA is defined as operating profit (EBIT) adjusted for depreciation, amortisation and impairments. In 2022, depreciation, amortisation and impairments was € 20.1 million (2021: € 18.4 million) resulting in an EBITDA of € 28.8 million in 2022 compared with € 33.2 million in 2021.

Underlying EBITDA. Underlying EBITDA is defined as underlying EBIT adjusted for depreciation, amortisation and impairments. In 2022, depreciation, amortisation and impairments was € 20.1 million (2021: € 18.4 million) resulting in an underlying EBITDA of € 30.7 million in 2022 compared with € 32.8 million in 2021.

Underlying net profit. Underlying net profit is defined as net profit adjusted net for tax for significant one-offs and special items and was € 5.3 million in 2022 (2021: € 9.4 million). In 2022, no one-offs and special items occurred whereas in 2021 net profit from continuing operations (€ 12.5 million) was adjusted for gains on sale-and-leaseback transactions (€ 0.9 million), realisation of currency translation reserves (€ 0.3 million), and tax gains on divestments (€ 1.9 million).

Financial results

Return on Capital Employed. Return on Capital Employed (ROCE) is defined as operating profit for continuing operations (EBIT) divided by average capital employed with capital employed being defined as total assets minus current liabilities. In 2022, ROCE was 13.3% (2021: 25.7%) with a 2020-2022 average of 24.8%.

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.

Cash and liquidity

Total cash flow generated from continuing business operating activities in 2022 was € 26.4 million (2021: € 28.3 million).

Total cash flow from continuing business investing activities in 2022 was an outflow of € 6.3 million, compared with an inflow of € 3.0 million in 2021. The 2022 outflow related entirely to investments in tangible and intangible fixed assets, amounting to € 6.3 million in 2022, compared with € 4.2 million in 2021. The majority of these investments related to investments in IT and e-commerce platforms, new stores, including the second Beter Bed Experience store in Eindhoven, the roll-out of our independence sleep advice tool, Beter Slapen ID, in our store network, and required maintenance in existing stores. In 2022, no cash inflow events related to investing activities occurred, whereas in 2021 there were three sale-and-leaseback transactions, which totalled € 3.0 million, and cash proceeds of the divestment of the Swedish operations, which totalled € 4.2 million.

The cash flow from continuing business financing activities for the year was an outflow of € 20.4 million (2021: outflow of € 13.9 million). The financing cash flow consists of the payment of lease liabilities of € 15.9 million (2021: € 13.7 million), payment of the 2021 dividend of € 4.1 million (2021: nil), and interest payments of € 0.4 million (2021: € 0.4 million). The 2021 financing cash flow was also impacted by several deleveraging events.

The cash position as at 31 December 2022 was € 37.7 million (2021: € 38.0 million).

Financing

In August 2022, BBH increased its credit facility from € 15 million to € 30 million, with Rabobank joining the current financing agreement alongside ABN AMRO Bank N.V. This increase was made to support further implementation of the strategic plan and pursue potential opportunities. The duration and interest percentages applicable regarding the credit facility were not changed. The credit facility, entered into in July 2021 and increased in August 2022, is effective until July 2024 with the possibility to extend for another two years.

Highlights of our operations

Benelux

Revenue of Beter Bed and Beddenreus in the Benelux was € 216.1 million in 2022, which is 8.0% higher compared with € 200.0 million in 2021. This growth underlines the strong business performance, as the stores were closed in the first two weeks of 2022 and the last two weeks of 2021 which impacted revenue in 2022. Despite the challenging macroeconomic environment, we noted a strong order intake and revenue performance in the fourth quarter, with record sales during the Black Friday period. Online sales normalised compared with 2021 as a result of the shorter lockdown period in 2022. The online channel share for the Benelux was 18.9%. In 2022, costs increased compared with the previous year, mainly related to increased housing costs, marketing activities, and incremental supply chain costs to further enable the omnichannel proposition.

New Business

The New Business operations comprise the DBC wholesale business and our subscription model Leazzzy. In 2022, total revenues amounted to € 30.5 million, including intercompany sales of € 17.2 million, compared with € 26.3 million, including intercompany sales of € 12.1 million, in 2021. This represents a total growth of 16.0%. The DBC wholesale business showed strong revenue growth for the internal Beter Bed channel in 2022, with a slight decrease to external dealers, due to the challenging macroeconomic climate. BBH continued to add new B2B customers, including dealers that sell the new Simmons brand and B2B clients in the leisure business. For DBC, this included further investments in additional sales force, which will enable us to drive the M line and Simmons brands in existing markets and a number of carefully selected new markets. Going forward, we continue to see significant opportunities for further acceleration of these activities.

Beter Slapen ID

Bringing the latest sleep technology to our stores

One year on from its in-store launch, Beter Slapen ID is today used in over 40 Beter Bed stores across the Netherlands and Belgium, helping customers get the perfect night's sleep using the latest developments in sleep science. Jeffrey Gans, store manager at Beter Bed's Experience store in Groningen, explains how this device is truly innovative, with special sensors providing data and measurements to advise customers. "Beter Slapen ID really is the future of sleep technology, today. Thanks to this innovation we're able to provide our customers with the highest-quality personalised advice, backed by science and the expertise of our sleep advisers in store."

A new instore experience

Beter Slapen ID is central to our *Sleep better, live better* purpose. "The reason we're so excited by this technology is because it is all about improving people's lives by improving the quality of their sleep. We first ask customers a few important personal questions about their sleep habits."

"This includes their height; whether they prefer lying on their side, back or stomach; how they turn, to identify pressure points; and whether they experience any nagging pains, such as backache. After this we ask customers to lie down on the measurement mattress and watch a short explanatory video about the science behind Beter Slapen ID. Whilst customers are lying down in a relaxing environment, we use the technology to take key measurements to find out which mattress is the best for them. The whole process only takes about six minutes, during which time the computer makes thousands of calculations before recommending the five best supporting mattresses in store – which are normally from different brands at different price points."

Customer feedback about the new service has been very positive, with trust being crucial to this success. This is reflected in a higher customer Net Promoter Score (NPS), which is used to measure customer loyalty, satisfaction and enthusiasm. "We're really pleased to see just how popular Beter Slapen ID is proving to be. One of the reasons that customers trust buying a mattress in this way is that their decisions are informed by science, which is a direct result of us embracing sleep science technology in line with our strategy."

"We want everyone to sleep better. Rather than focus on selling the technical elements of different mattresses, we want to offer better sleep for better health and better living." This focus is an important differentiating factor for the Company. "Beter Bed is a sleep specialist, not just a store that sells beds. That's something our customers recognise. And it's a key difference between us and our competitors."

Combining science with personal service

The introduction of new innovations does not mean that the whole shopping experience is defined by technology alone. "It's all about combining the science of Beter Slapen ID with the best personal service. As well as taking customers through this latest technology, our store teams are there to enhance the experience by sharing their expertise. For example, on personal preference for comfort, such as choosing a slightly softer or harder mattress within the range of mattresses recommended by Beter Slapen ID."

What's more, getting a good night's sleep does not start and stop at buying a new mattress. "Our sleep better, live better purpose has really resonated with people. Customers don't just want the perfect mattress. They want the perfect night's sleep. That's why after choosing a mattress, the next question our store teams are invariably asked is 'what should I do if I'm too hot or cold in bed?' Our teams can



Beter Slapen ID

then provide their expertise to advise on other products, such as duvets and pillows, which leads to higher average order values.”

“We were immediately served by a member of staff and in addition to discussing our sleeping needs, we did a test to quickly find the right mattress - Pieter”

Customer benefits

From a commercial perspective, the introduction of Beter Slapen ID has been very positive in other ways too. “Another reflection of the popularity of this innovation is the high conversion rate among people who have used Beter Slapen ID. Moreover, all customers benefit, whether or not they choose to buy a new mattress. This is because everyone who’s tried it leaves our stores with a greater awareness of the importance of sleep and how to achieve it. That’s what being a sleep specialist is all about.”

Speed and efficiency are two other big wins that Jeffrey cites. “Beter Slapen ID helps to speed up the whole process of choosing a mattress, which saves time for both our customers and our store teams. In the past, customers would often try ten mattresses before deciding which to buy. Now, equipped with the very best information, they are more confident and know that they can make a decision based on science. For us as a business, this is particularly useful during busy periods such as Easter, Black Friday, or the Holiday Season.”

“We also get real-time insights into what customers want and need – for instance whether we have too many or too few of a certain type of mattress. This enables us to optimise our collection and make the right adjustments to our stock and range.”

“We were helped in a very professional way, with a test showing the right mattress profile for us - Marianne”

In addition, Beter Slapen ID has proven valuable in terms of becoming a more sustainable business. “We now get far fewer mattresses returned. This reduces our carbon footprint and leads to considerable savings, such as lower transportation costs thanks to customers getting the right mattress first time.”

Jeffrey is enthusiastic about the roll-out of this technology across the Beter Bed’s store network. “We plan to introduce Beter Slapen ID in all our stores in the Netherlands and Belgium by the end of the first half year of 2023. Sleep science means that we, and our customers, are looking at sleep in a whole new way. Many couples, for instance, now choose to have individual mattresses that match their individual needs. New technology is only set to accelerate this trend, and real potential exists for further growth.”



Jeffrey Gans (1983) is responsible for the first Beter Bed Experience Store in Groningen, the Netherlands. Jeffrey has been working at Beter Bed since 2014. He is an ambassador of the new strategy and Beter Slapen ID.

Sustainability strategy

Our sustainable focus

Beter Bed was founded 40 years ago with the purpose of providing a good night's sleep at a price that everyone can afford. By offering good-quality mattresses, beds and pillows at a reasonable price, we have helped to make a good night's sleep possible for millions of people across Europe and beyond. While our company has evolved over the years, the essence of what we do has remained the same, and this is reflected in our purpose: *Sleep better, live better.*

The world around us is changing fast, and we continue to change to meet new customer needs. The pace of life, in particular, has accelerated. With that has come added pressure for many people, which has impacted on their quality of life. As demand for what we do has grown, so too has our business and our supply chain, which is today larger and more complex than when our company was founded. Legislation has also changed, bringing with it an ever-greater responsibility as to how we as a company must act at all times, whether it be our impact on the lives of our customers, the environment, or society as a whole.

For many years, this responsibility was manifest in developing high-quality products available to all that added value for a good night's sleep, in addition to striving to minimise our environmental impact, and participating in activities that contributed to improve society. More recently, awareness of the impact of sleep as an enabler for a better life has grown among our customers, the market for raw materials has changed, and the demand for transparency and accountability has risen – both from stakeholders and in terms of legislation.

Last year, we launched a new corporate strategy that incorporated our sustainable goals. Having conducted a materiality assessment with our key stakeholders we determined three focus areas for 2025.

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 focusing on employees' 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 by collaborating with our suppliers to increase the reuse and recycling of our products and packaging, thereby driving the transition towards more circular product propositions.



Sustainability progress

Implementing our renewed sustainable strategy

Our progress to date

To ensure that our sustainability strategy is fully integrated across our company, clear goals are set for all responsible departments involved so as to gain company-wide commitment and set realistic goals. These goals were translated into KPIs as part of the long-term incentive scheme for the Management Board and into personal goals for every employee to secure commitment and create momentum. The KPIs are supported by quarterly reports across the company to secure progress. During monthly meetings, the Group Leadership Team discusses developments and actions required to achieve positive outcomes.

Sustainability criteria are embedded in Beter Bed Holding's strategy and organisational structure. Sustainability themes are defined and approved by the Management Board. The senior lead for Sustainability & Innovation chairs various committees, which are made up of departmental managers who oversee work relevant to a given theme. The senior lead for Sustainability & Innovation updates the Management Board on progress, approach and planning on a monthly basis, and reports directly to the CEO. On a quarterly basis, sustainability data is included in the overall set of business KPIs that is reported to and discussed with the Group Leadership team. To ensure that external perspectives are fully taken into account, stakeholder dialogues are held with external experts to advise BBH both on its approach to sustainability in general, and in greater depth on its sustainability themes. Climate-related risks and opportunities are considered integral to the governance of operations and sustainability themes. Further details on governance and risk can be found in the chapter 'Risk Management' (see page 80).

In addition to focusing on our KPIs, we also examined wider developments, as the world around us is constantly evolving in terms of new technologies, the availability of sustainable raw materials, and new legislation. We closely monitor these changes with further information about our approach outlined later in this chapter, and encourage our employees to share any ideas they have to make us a more sustainable company.

Report structure

Information about our performance in terms of sustainability is structured in line with our three focus areas: Promise, People and Product. We report on our most material topics, which are identified during our materiality and stakeholder engagement process. In this annual report and in our 2021 annual report, we used GRI's definition of materiality based on the 2016 GRI standards, whereas in the 2023 annual report we will perform a double materiality analysis so that this part of the report is also in line with the GRI 2021 standards. We also report on progress made on the related KPIs, and highlight the United Nations Sustainable Development Goals (SDGs) on which we have had the greatest impact.



Interview with Lisa Proenings

A revolution in sustainable reporting

With ever more investors, customers and other stakeholders wanting to be able to examine the sustainability credentials of companies, the reporting of non-financial information has fast become the norm for large, stock-listed companies such as Beter Bed Holding. This trend is only set to accelerate with the advent of the new EU Corporate Sustainability Reporting Directive (CSRD) over financial year 2024 explains Lisa Proenings, Business Controller Sustainability, at BBH: “The new regulatory framework is both a challenge and an opportunity. A challenge because we will need to introduce new processes and collect new data. An opportunity because we all benefit from a more transparent business ecosystem in which we share the most material information about our operations”.

The regulation, which is part of the European Green Deal and the Sustainable Finance agenda, will require all large and listed companies to disclose a broad range of qualitative and quantitative environmental, social and governance information. “This really is a revolution in the regulatory landscape as the non-financial part of reporting will effectively be equal in importance and integrated with the financial information”.

The impact of CSRD legislation

This spells change for organisations like BBH, which will be in the first wave of companies to report in compliance with the CSRD. “While sustainability considerations and the reporting of non-financial information have been central to BBH’s strategy and operations for a number of years, this directive is

nonetheless hugely significant for us. It will not only change how we compile data and what we report, but also make us look at our business and our impact in a new way.”

The new directive requires companies to conduct a so-called ‘double materiality’ assessment, meaning that they will both have to report on financial materiality – how sustainability issues might create financial risks and opportunities for the company – and impact materiality – the company’s own impacts on people and the environment.

“CSRD represents a big shift as the double materiality analysis will mean companies will be required to report on a host of material information – such as their impact on biodiversity, climate change and human rights – that is of interest to everyone from investors to NGOs and civil society organisations. But the new directive isn’t about transparency alone. It is about creating positive, tangible change by encouraging organisations to make their operations more sustainable.”



Interview with Lisa Proenings

“This is something that really strikes a chord at BBH, as our existing sustainability approach is about far more than simply reporting, as we’re focused on value creation and impact through our business and value chain operations. What’s more, the new directive will ultimately reduce the risk of organisations ‘greenwashing’, which is obviously a very positive development.”

“The new regulatory framework is both a challenge and an opportunity”

“We have an ambitious sustainability strategy. Any regulatory change that leads to a company’s employees taking the effects of their day-to-day work on colleagues, the environment and society into account is something hugely positive, as it will help to change behaviour and culture for the better.”

A sustainable reporting revolution

Going forward, the comparability of data will become ever more important. “Investors will be better placed to make informed investment decisions, and to actively challenge companies on their record – such as their Scope 3 emissions or their adherence to human rights principles. At present this sort of challenge is often limited, and information is either not shared or not comparable given that different companies report in different ways.”

Investors will not be the only interested parties. “It will also be easier for customers to make informed choices – both directly themselves and indirectly through consumer organisations that will be able to highlight both those companies that perform well and those companies for whom there is a gap between their rhetoric and the reality when it comes to their sustainability performance. This is an area that is already of real importance to many people who apply to work at Beter Bed, as they want to know that they are working for a purpose-driven organisation that understands its wider responsibility – such as on emissions and in its supply chain.”

As BBH gears up for this reporting revolution, the new directive is already the subject of significant focus and attention at the company. “Getting ready for CSRD requires a lot of preparatory work across our entire organisation. The fact that the directive is more wide ranging than how we currently report means that more people need to be involved.”

In preparation for financial year 2024

“In my role, I’m helping to ensure we report correctly and in a timely manner, and to see how we can improve data collection. Among other things, we’re performing a gap analysis to give us insight into any topics that will take a lot of work, and to identify any quick wins. In 2023, we aim to conduct the double materiality assessment as one of the first stepping stones to reach full alignment.

Our sustainability team will then outline requirements for different departments, and will measure our impacts. This will enable us to have a dry run to collect data for CSRD in 2023, which will include getting limited external assurance, so we’re able to collect all the required data completely and correctly in 2024.”

While this will initially lead to a considerable amount of work, BBH is focused on the opportunities that this will bring. “Above all, we see this directive as a means to really dig deep into the different areas covered. In this sense it’s a chance to make our sustainability outcome more mature and more professional. What’s more, we have to make sure we are not only focused on reporting but also developing the business in a sustainable way with new ideas, initiatives and innovations.”



Lisa Proenings (2000) has been responsible for reporting and analysing on sustainability topics at BBH since June 2022, having graduated in business administration and completed her internship at the Company. In her role she ensures that information is reported correctly, in addition to improving data collection.

Our sustainable goals

Materiality and stakeholder engagement

Our materiality process drives how we engage internally and externally, how we invest our resources, and how we adapt our strategy on environmental, social, economic and governance topics across our value chain.

Since 2021, we have performed a materiality assessment on an annual basis to identify how important specific issues are to our organisation. The relevant topics are determined by extensive desk research that examines both our organisation's activities, and topics where peer organisations have the most significant impact. A shortlist is then established from this list of topics, with relevance determined through a series of interviews, questionnaires and online surveys with our key stakeholders. The final step, is to create a materiality matrix (see page 155) by determining the maturity level of the relevant topics at a management level, and the extent to which we as an organisation are able to influence the material topics.

In the chapter 'Other information' (see page 156) we provide a matrix that shows our management approach on the material topics. We also describe the impact of our organisation on these topics, what our goals are, and how we plan to achieve them. In addition, we report on our progress and how we involve our stakeholders in the relevant topics.

From 2023, our materiality assessment will be expanded to a double materiality process and include useful information about the financial impact of material topics due to the upcoming Corporate Sustainability Reporting Directive (CSRD) regulation.

In recent years, we have witnessed dramatic changes across the world. This means continually adapting how we as a business operate to meet new challenges and drive meaningful progress on our social and environmental priorities.

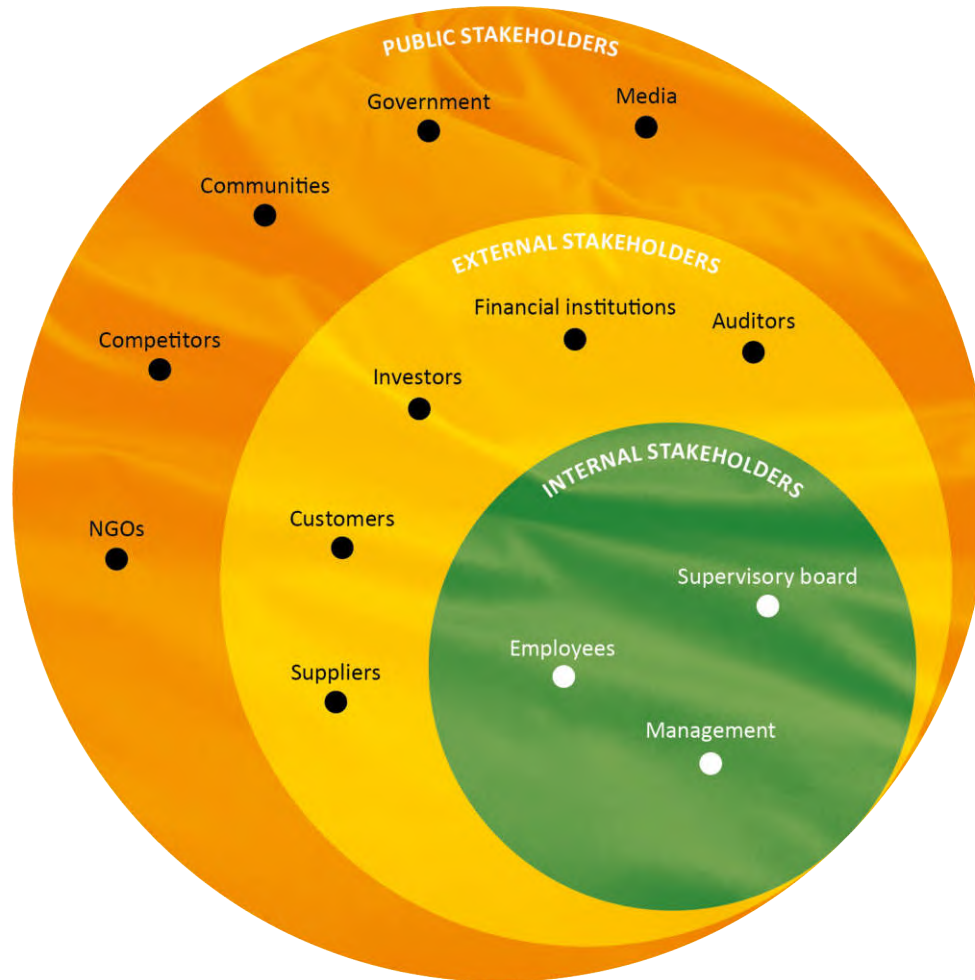
We believe that solutions are only possible through collaboration, and that systemic change is built on deep, ongoing engagement with the people that our operations impacts. From those who manufacture the products we sell and the team members who deliver the products to our customers, to the communities in which we work, we engage with a diverse group of stakeholders and use their valued perspectives to inform our approach to systemic change. Through these partnerships, we are able to build a more sustainable future together.

Our sustainable goals

Our proactive approach to stakeholder management

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

To achieve our sustainable and responsible commitments, we believe it is essential to proactively inform, and engage with our stakeholders. 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 as 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.



Our sustainable goals

Our main stakeholders are:

Our customers

How we make choices within our company and how we shape our strategy are largely determined by the wishes of our customers. This also applies to the sustainable development of our products and services that we offer. Over the past decade, many customers have increasingly started to give greater consideration to the impact their behaviour and the products they purchase has on the environment. This change in behaviour is influenced by the visible changes in the climate that they have observed with their own eyes and in the media, through education, and as a result of public debates. We believe that it is important to include customers' points of view in our sustainability strategy, and therefore take customer reviews into account.

Our employees

Our team plays a vital role in our company achieving its sustainability objectives. We are convinced that an effective sustainability strategy will also contribute to the well-being of our employees, and it therefore also contributes to retention. Through surveys and internal interviews, employees are regularly asked for their opinion about various sustainability topics.

Our suppliers

Many sustainable product developments can only be achieved through intensive collaboration with our suppliers. In addition, suppliers are often aware of international developments in materials, and are required to work together to ensure compliance with international regulations with regards to human rights and emissions both within their own organisation and also their subcontractors. For several years, we have discussed our sustainability strategy and developments as part of our regular and annual meetings with all suppliers.

Our investors

Sustainable organisations are attractive to investors as they are more likely to generate long-term returns. Such organisations typically have strong environmental, social and governance practices, and are more transparent, which makes it easier to assess the company's future performance and stability. In addition, being sustainable can lead to a better reputation, cost savings, improved customer loyalty, and enhanced access to capital, which can all contribute to long-term returns. Furthermore, sustainable organisations are more attractive to a growing number of investors who are looking to make investments that align with their own values. We communicate and discuss our sustainability strategy during meetings with investors on a quarterly and ad hoc basis. Information from other stakeholders – such as government, competitors, financial institutions and auditors – is collected through desk research and through various discussions with the relevant organisations.

Our Management Board and Supervisory Board

Our Management Board and Supervisory Board are informed about the views and opinions expressed by stakeholders with regards to BBH's sustainability-related impacts through regular meetings, reports and communication with our sustainability team. This ensures that stakeholders' concerns are addressed in a timely and appropriate manner. The Management Board is also informed about the progress and outcomes of initiatives taken to reduce the company's sustainability-related impacts, and the sustainability team provides it with regular reports and updates on the company's progress in achieving its sustainability goals.

All information with regards to sustainability is made available to all employees in Dutch, and at the corporate level in English, so that the information is accessible and available to all. Language, cultural barriers and privacy are all taken into account.

Our sustainable goals

Customers

How we engage	Top 5 topics	How we respond
<ul style="list-style-type: none"> • Customer reviews • Sales interviews • Market research • Brand websites 	<ul style="list-style-type: none"> • Accessibility & affordability • Innovation for better sleep • Collaboration for reuse & recycling • Circular product development • Customer awareness 	<ul style="list-style-type: none"> • Introduce Beter Slapen ID to improve our customers' quality of sleep • Collaborate with mattress recycler Matras Retour to prevent mattress incineration • Establish and participate in a sector-wide group to increase mattress recycling • Introduce a range of circular and more durable products • Enhance the online visibility of our more durable product range

Employees

How we engage	Top 5 topics	How we respond
<ul style="list-style-type: none"> • Job interviews • One-on-one conversations • Personal training & development • Internal communications / the BBH app • Durability ambassador programme 	<ul style="list-style-type: none"> • Employee well-being • Circular product development • Innovation for better sleep • Sustainable operations • Collaboration for reuse & recycling 	<ul style="list-style-type: none"> • Provide our employees with opportunities to grow professionally in their careers • Introduce a range of circular and more durable products • Introduce Beter Slapen ID to improve our customers' quality of sleep • Increase the use of renewable energy and further reduce CO₂ emissions • Collaborate with mattress recycler Matras Retour to prevent mattress incineration • Establish and participate in a sector-wide group to increase mattress recycling

Suppliers

How we engage	Top 5 topics	How we respond
<ul style="list-style-type: none"> • Online surveys • Annual meetings • Supplier Code of Conduct • BBH brand websites 	<ul style="list-style-type: none"> • Circular product development • Collaboration for reuse & recycling • Sustainable operations • Training & development • Innovation for better sleep 	<ul style="list-style-type: none"> • Introduce a range of circular and more durable products • Collaborate with mattress recycler Matras Retour to prevent mattress incineration • Establish and participate in a sector-wide group to increase mattress recycling • Increase the use of renewable energy and further reduce CO₂ emissions • Offer Beter Bed Academy training to all employees • Introduce Beter Slapen ID to improve our customers' quality of sleep

Investors

How we engage	Top 5 topics	How we respond
<ul style="list-style-type: none"> • Online surveys • Annual meetings • One-on-one conversations • Corporate website 	<ul style="list-style-type: none"> • Innovation for better sleep • Accessibility & affordability • Human rights & supply chain • Sustainable operations • Customer awareness 	<ul style="list-style-type: none"> • Introduce Beter Slapen ID to improve our customers' quality of sleep • Ensure the Beter Bed Supplier Code of Conduct is signed by 100% of our suppliers • Increase the use of renewable energy and further reduce CO₂ emissions • Create a more durable choice in every product category • Enhance the online visibility of our more durable product range

Our sustainable goals



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.

Our approach

Providing a good night's sleep to live a better and healthier life has always been at the core of who we are as a company and what we do. For this reason, our primary focus is creating awareness and making better sleep solutions available to our customers, potential customers and wider society.

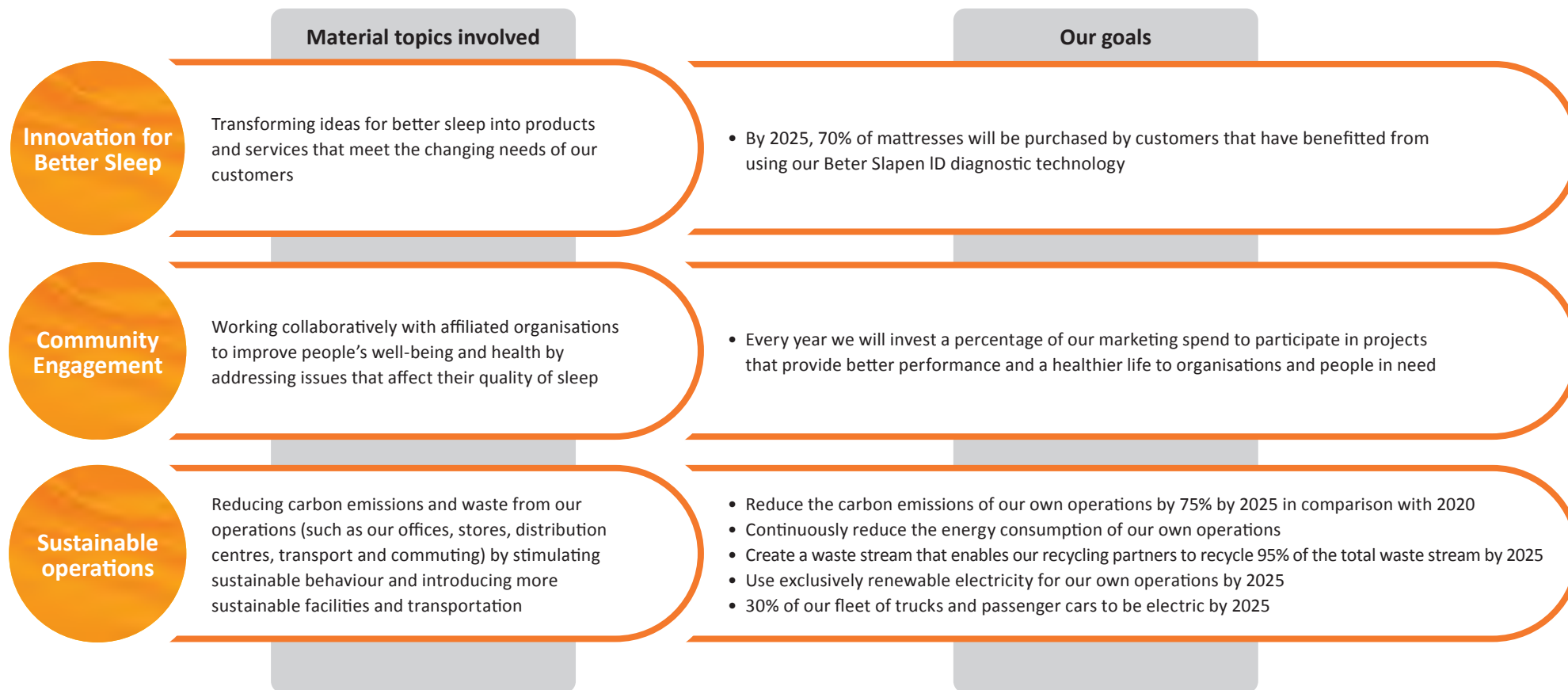
As a company, we also deepen our knowledge about the extent to which a good night's sleep contributes to a happier and healthier life by drawing on research from experts such as sleep scientists and physiotherapists. By utilising data and new technology, we are able to improve sleep solutions for every individual customer. The introduction of the Beter Slapen ID in our stores is a good example. Thanks to this diagnostic technology, we have successfully eliminated those elements of the selection criteria that are not relevant when choosing the right sleeping solution, which contributes to a higher quality of sleep for our customers.

We believe we have a special responsibility to help the most vulnerable, for whom having a good night's sleep is especially important. For this reason, we participate in projects to provide better health and care, such as at the Princess Máxima Center for pediatric oncology and refugee shelters throughout Europe, including Ukraine.

In addition, we engage with sports clubs, and national and Olympic teams to learn more about the relationship between sleep and performance. We ensure the knowledge we gain through these partnerships is made available to everyone who wants to sleep better and live better.

We place considerable emphasis on ensuring that we operate in line with sustainable business practices and that we use resources responsibly. Key to our efforts are the valuable partnerships, such as within our supply chain, that we nurture to enable us to create impact at scale.

Our sustainable goals



Our sustainable goals

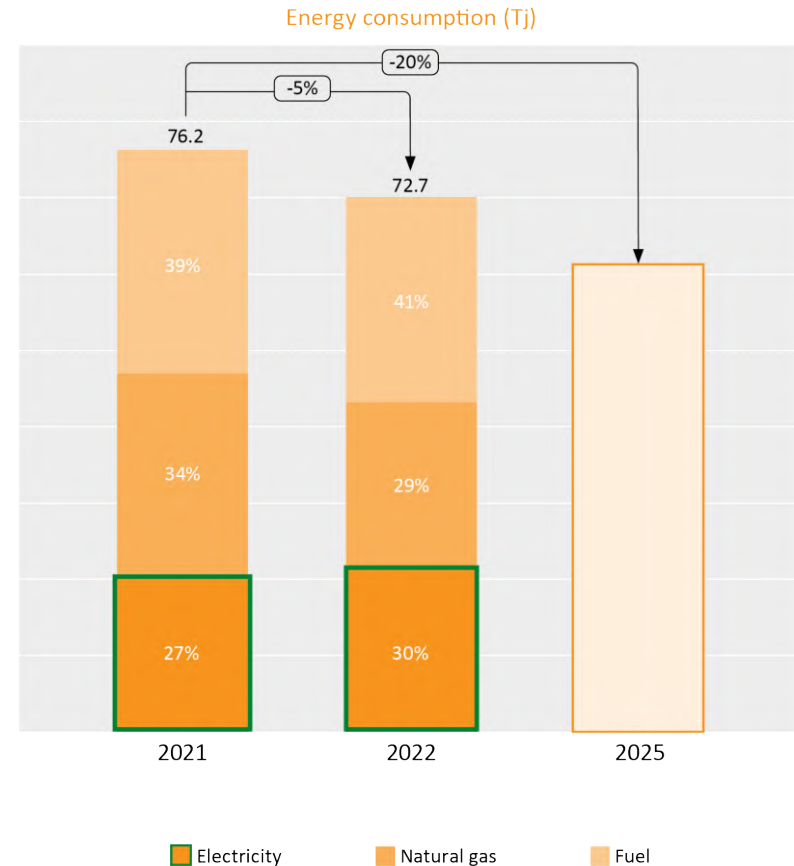
Where are we now

Following a phased pilot, the full roll-out of Beter Slapen ID across our entire Beter Bed store network is set to be completed in the first half year of 2023. This diagnostic tool has proven to be very popular, leading to higher customer satisfaction levels, lower returns, and better in-store conversion rates.

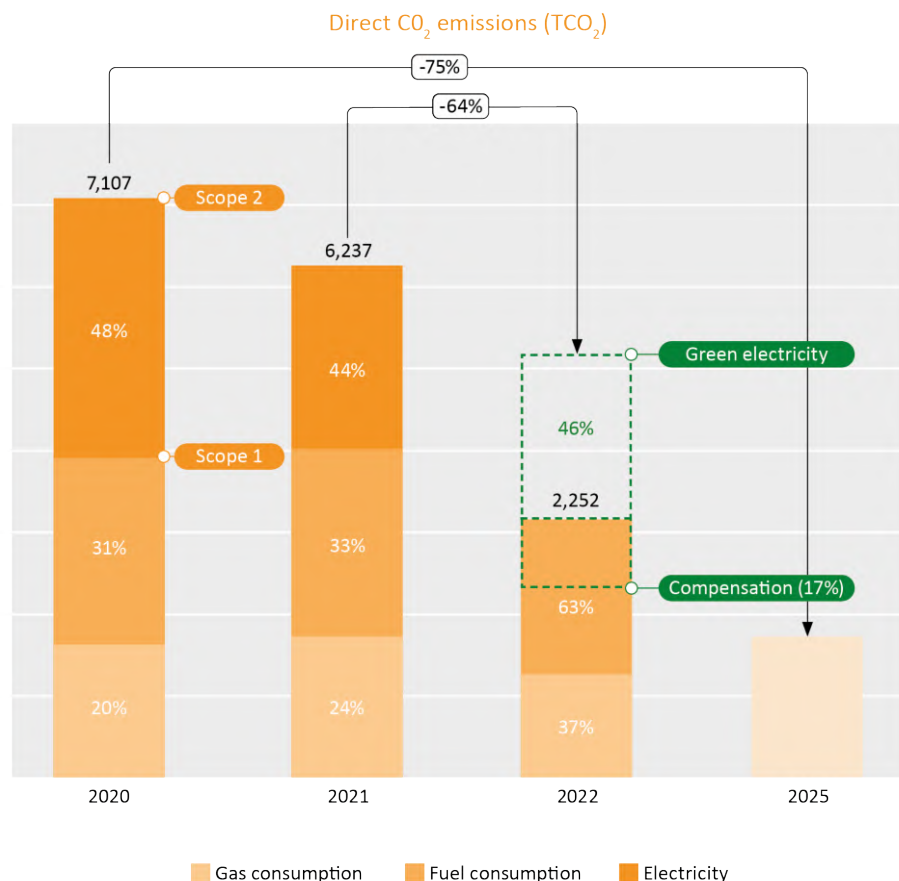
The next step is to reach our 2025 goal that 70% of mattresses will be purchased by customers that have benefitted from using this diagnostic technology. As part of our overarching strategy, we intend to measure and report actual improvement in quality of sleep going forward.

We share information and insights about sleep with our elite sports partners, and also learn from their experiences and research. This is beneficial not only to the athletes involved, but also helps us to better support our social partners, such as the Princess Máxima Center for pediatric oncology, through the development of sleep solutions.

“We are proud to report significant progress against a number of our goals”



Our sustainable goals



We promise to provide the best possible night's sleep for our customers while also minimising our impact on the environment. To this end, we transitioned to 100% green electricity in 2022 for all of our in-house operations. In terms of carbon emissions from our operations, this resulted saving of 2,760 tonnes of CO₂ over 2022 (which represents 46% of our total carbon emissions). In addition, we are also implementing changes to make our vehicle fleet more environmentally friendly in the coming years. Our lease scheme provides flexibility, enabling our employees to choose between a lease car or a mobility allowance. Moreover, we now only offer electric company cars, and we have also started the first pilots for electrically powered commercial vehicles for our truck fleet.

Our company will continue to invest in making our operations fully climate-neutral. Until this has been achieved, we will also participate in various projects to offset CO₂ emissions, for example the Afforestation Project in Qianbei in the east of China. In 2022, our participation in this project led to the offsetting of 1,000 tonnes of CO₂ emissions. This resulted in a total CO₂ reduction of 64% compared with 2021.

Our sustainable goals

What's next

In support of our overarching company strategy, in 2023 we intend to measure and report the actual improvement of quality of sleep as a result of our Beter Slapen ID, while also continue to fine-tune this innovative diagnostic technology.

One of the most important aspects of BBH's sustainability strategy is to reduce CO₂ emissions to help combat climate change. In the coming years, we will continue investing in energy-efficient measures in our branches and other buildings, in addition to 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 by 75% by 2025 compared with 2020, 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.

At present, 26% of our operations' CO₂ emissions are related to transportation. In 2023, we will continue to focus on reducing the impact of our operations through increasing the proportion of electric vehicles within our fleet. In addition, we will continue to invest more in energy-saving measures through the renovation of branches and distribution centres, and the wider use of renewable energy.

In waste management, while we have already achieved a high level of waste reuse, together with our partners we are examining how we can reuse materials to the highest possible degree by processing recycled waste streams in our packaging and products. By doing so, we will be able to close the loop, reusing materials recycled from our products, thereby minimising the impact of our organisation.



Our sustainable goals



People

We will deliver social impact by always focusing on our employees' 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.

Our approach

From our supply chain to our stores, we believe everyone deserves to be treated with dignity and respect, and we use our scale to protect individual human rights across our business.

Through our (predominantly European) supply chain we are able to exercise influence to help protect and uphold the human rights of people across our value chain. While we care deeply about human rights everywhere, we recognise that we can have the most impact on the lives our team members.

The need for companies to improve visibility in their production and - where possible - implement start-ups in their supply chains is today greater than ever before. In 2022, we took another important step in our human rights journey by joining the amfori BSCI (Business Social Compliance Initiative) platform, which helps companies to commit to better working conditions in their global supply chain. It does this through offering a common code of conduct and a step-by-step plan to companies that applies to all sectors and production countries.

We also have an ongoing commitment to monitor for any indication of forced labour throughout our supply chain, and to take swift action to address any such problems. We work to enhance worker well-being on a continuous basis, often through high-impact partnerships that seek to address issues that are locally relevant.

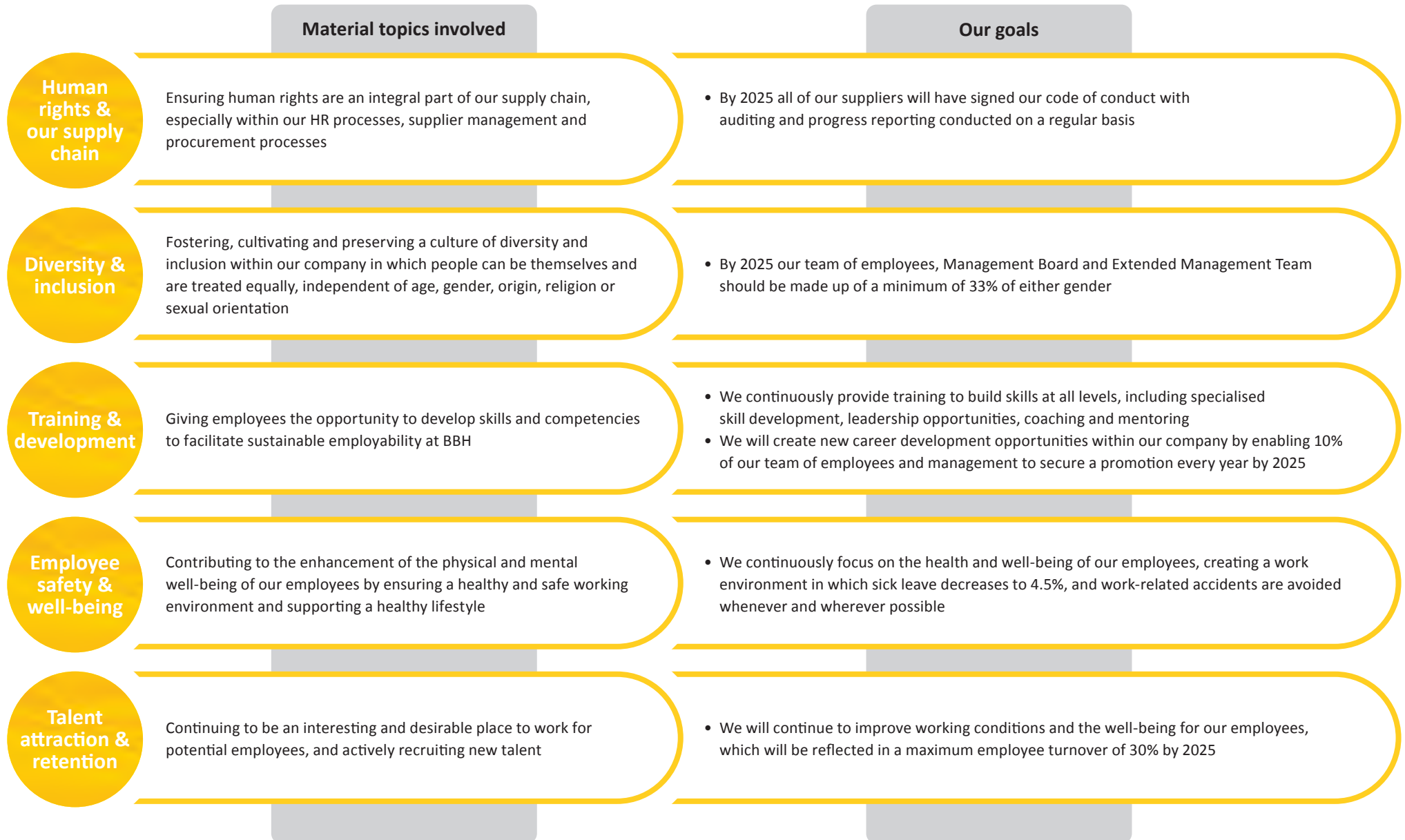
Furthermore, we aim to improve workplace safety for BBH's logistic workers and support enhanced overall well-being for everyone in our supply chain. To this end, we engage with strategic partners that have the knowledge and reach to address the issues that matter most to supply chain workers.

Beter Bed is committed to creating a diverse, equitable and inclusive workplace. We value the unique perspectives and experiences that each individual brings to our business, and strive to create an environment in which everyone feels respected and supported.

We are committed to providing training and development opportunities tailored to our employees' individual needs. For this purpose, we use the Beter Bed Academy, which features almost 800 training modules. We actively seek candidates from a diverse range of backgrounds and ensure that our recruitment processes are fair and equitable.

We also recognise the importance of creating an environment that is attractive to potential employees. We actively promote the benefits of working at Beter Bed and emphasise our commitment to creating a positive and supportive workplace. We also strive to ensure that our benefits and compensation packages remain competitive so that we can attract and retain top talent.

Our sustainable goals



Our sustainable goals

Where are we now

We verify compliance with our policies through factory vetting, on-site assessments, corrective action plan development, capability building, and training in collaboration with the BSCI platform. In the event of a problem related to human rights violations, we commit to working with third-party experts to develop, execute and oversee appropriate remediation programmes.

The Beter Bed Supplier Code of Conduct supports key suppliers in evolving their approach towards continuous improvement. This Code of Conduct, which has to date led to us engaging with 57 suppliers in 15 countries, should lead to an increase in worker satisfaction at these organisations with respect to working conditions, in addition to an increase in worker engagement. In 2022, we achieved our 2025 target as we were successful in ensuring all our suppliers (100%) signed the code of conduct. As a result, we will start the risk inventory and audit of the suppliers faster than planned.

During the year, we carried out a safety assessment in all our distribution centres, which led to an update in our safety protocols and changes to the distribution centre layout. This should contribute to a reduction in the number of accidents and near-accidents going forward. All company emergency plans were also revised, and an extensive training programme established to ensure our team of first responders is adequately trained. In addition, a safety team was created that discusses progress and incidents on a monthly basis, and takes actions to enhance safety across all disciplines and locations within our company. We offer a compelling work environment with meaningful experiences and abundant growth and career development opportunities. We have developed a culture of learning and invest almost 12,000 payroll hours into training our team members each year. This includes extensive programmes that help our team build skills at all levels, including specialised skill development, leadership opportunities, coaching and mentoring.

What's next

We believe that the two most powerful accelerators of change in our industry are collaboration and alignment. We will continue to use the BSCI platform as well as collaborating with our suppliers to measure supply chain performance and drive continuous improvement across our global manufacturing footprint.

In today's fast-changing global marketplace, companies have to address a growing number of challenges and concerns in operations and supply chain. At the same time, demands for greater transparency and accountability from wider society have grown. For this reason, in 2023 we will also join the amfori BEPI (Business Environmental Performance Initiative) network. Amfori BEPI covers a wide variety of 11 environmental performance areas, which range from energy consumption and greenhouse gases to chemical management. This service includes a five-step approach to drive continuous improvement through supply chain mapping and analysis, improvement work and progress monitoring.

More information about our Human Resource efforts and plans can be found in the chapter People (see page 67).

Our sustainable goals



Product

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

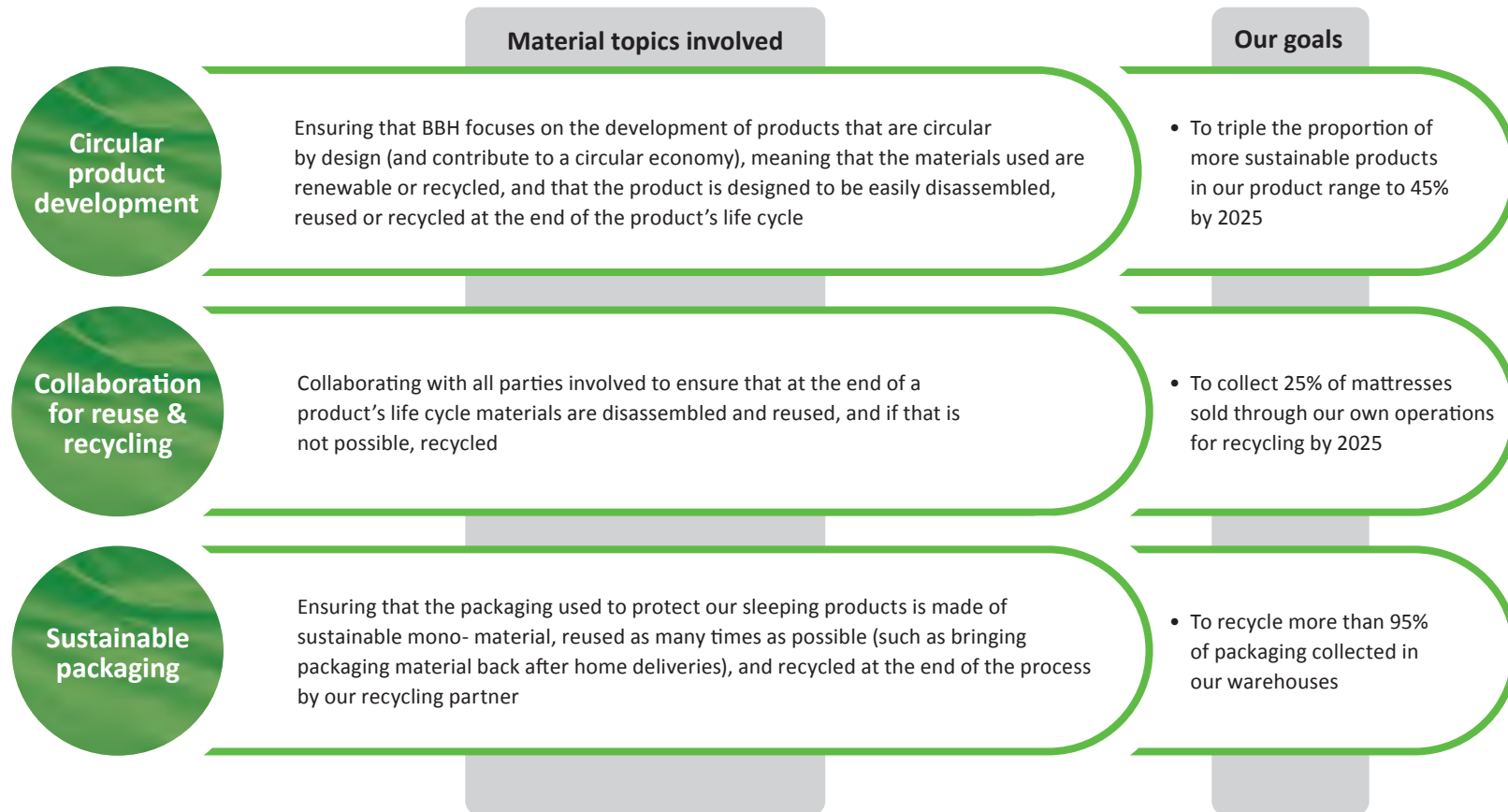
Our approach

To achieve a fully circular economy, many steps still need to be taken by individuals, companies and other organisations - the precise nature of some of which is still yet unknown. We do know, however, what our eventual goal is, and it is for this reason that we are taking the steps described. Moreover, as we continue our journey towards becoming a circular business, we are examining the market for new materials and developments that would help ensure that our products can be reused even more effectively.

To help us reach our goal of fully circular products, we have defined four sustainable product categories: circular, modular, certified natural and certified recycled. We have adopted these categories in our tender criteria for the development of new products, and we report the percentage of sustainable products as a KPI.

We believe that becoming fully circular is only achievable if we engage in effective collaborations both in and outside our usual supply chain. To close the chain completely, we will also have to manage product materials at the end of their life cycle, which will also contribute to our suppliers using fewer raw materials. For this reason, we are actively involved in innovative projects to reuse more of our products in new products or packaging.

Our sustainable goals



Our sustainable goals



Our sustainable goals

Where are we 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. In pursuit of our ultimate goal of offering fully circular products in all product categories to all of our customers, we engage with all our suppliers and encourage them to develop and offer more sustainable products, in addition to searching for more sustainable options beyond our sector.

In 2022, we introduced several new more sustainable products:

- M line circular: a mattress consisting exclusively of materials that can only be used in a circular way, and which are visible in a digital product passport.
- M line modular: a mattress designed for easy disassembly, due to its modular construction, made exclusively from materials that can be used in a circular way.
- Karlsson box spring: a new box spring range that uses upholstery fabrics produced from recycled textile raw materials.
- Element mattress range: a mattress collection consisting of predominantly naturally sourced (and therefore renewable and biodegradable) raw materials.
- Simmons Generation mattress collection: a mattress collection consisting of 70% reused materials that is fully recyclable at its end-of-life.

For our customers, the most noticeable change has been the increasing number of more sustainable products added to our range and the visibility of these online. So that we can fulfil our sustainability promise to our customers and wider stakeholders alike, we will closely follow all developments in our sector and other sectors that could help us make our products and services more sustainable.

We are an active participant on the board of the Dutch foundation Matrassen Recycling Nederland (MRN), a group initiated by BBH and four other large bedding companies. This foundation oversees the execution of the Extended Producer Responsibility (EPR) for mattresses, the objective of which is to collect as many used mattresses as possible and recycle them to the highest possible degree. By doing so, we are able to limit the impact at the end of the product life of our mattresses. We aim to extend this responsibility for recycling to all of our other product categories.

For packaging materials, we have introduced a mono-material strategy in combination with using less packaging whenever possible. This has resulted in the use of less packaging material for our products, and a higher quality of recycling of our packaging waste.

What's next

In the coming years, our main focus will be on the use of mono-materials in our products, and the modular design of our products. This will enable us to extend the life cycle of our products, and reuse the materials to the highest possible degree at the end of the life cycle. Looking ahead, while the phasing out of traditional and non-circular materials in our products is our priority, we will in the meantime ensure that traditional and non-circular materials are reused to the best possible degree.

Product considerations include equivalent comfort of circular materials and their affordability for the consumer. Ultimately, we want to ensure a good night's sleep is available at a price that everyone can afford.

In terms of the recycling of our products at the end of the user phase, our strategy is to limit the residual flow of materials and to use a higher proportion of mono-materials. This means they can either be reused at a higher quality level or new products can be manufactured for our own collection.

Our value chain

Our value chain

Our materiality process drives how we engage internally and externally, how we invest our resources, and how we adapt our strategy on environmental, social and governance topics across our value chain.

BBH is part of a number of upstream and downstream value chains. The main upstream value chain consists of our suppliers and partners, which provide us with products, services, and IT support. The main downstream value chain consists of our customers, who choose to purchase our products. Our position in the value chain is that of a retailer, and through DBC International as a wholesale company, offering a wide range of products, services, and experiences to our customers. BBH also has a presence in the e-commerce market, which enables our customers to purchase products online. Across all markets, we work closely with our suppliers and partners to ensure the quality and safety of our products.

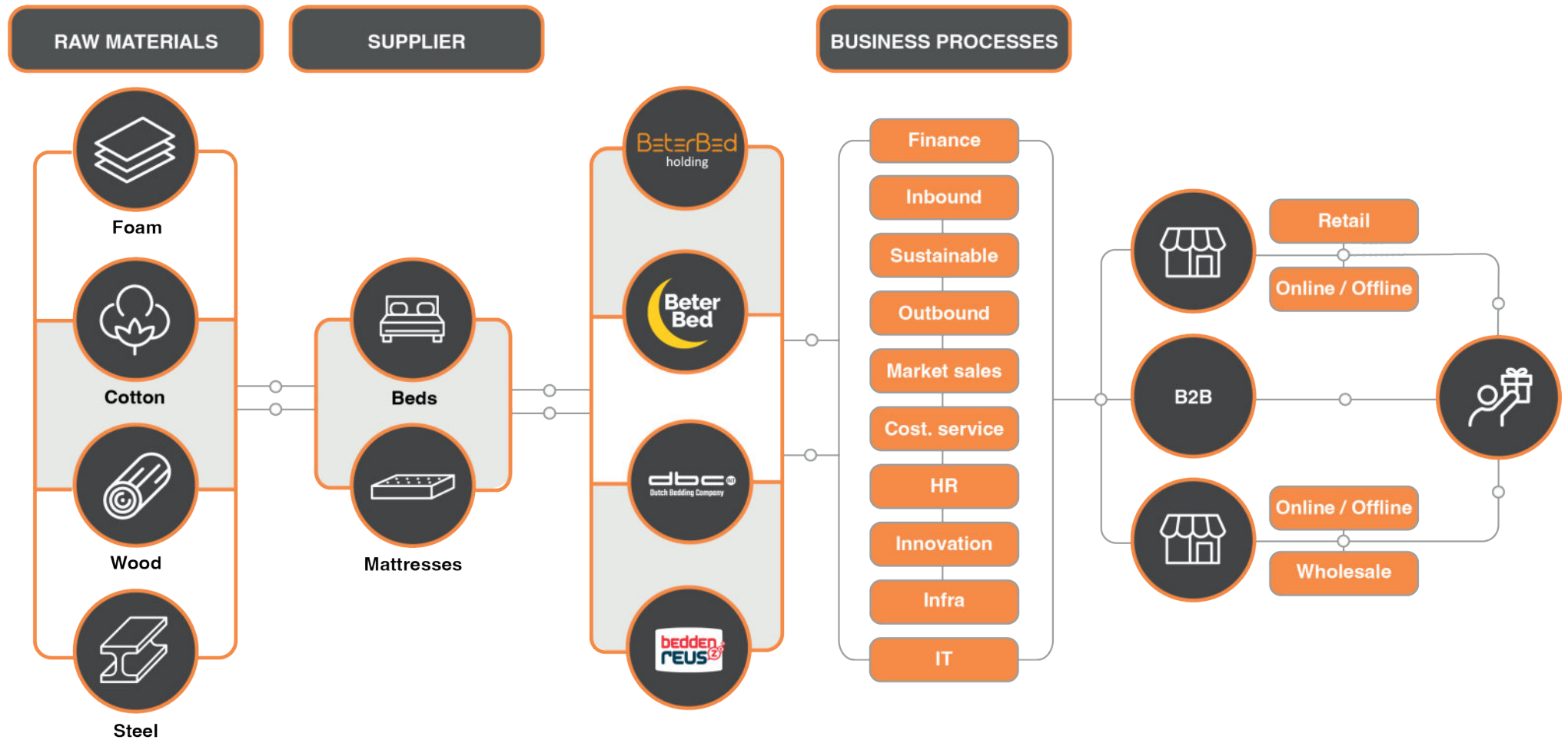
Our input and approach to gathering, developing, and securing these inputs of the supply chain is based on a combination of both internal and external sources. Internally, we leverage our extensive network of retail stores and e-commerce platforms to gather customer feedback and develop innovative products. Externally, we source complete products from suppliers, and maintain relationships with a range of partners to provide services such as logistics and IT support.

Downstream from BBH, a variety of entities are involved in the value chain. These include delivery companies, lease companies, and service providers. These entities provide a range of services to BBH, such as the leasing of box springs and mattresses, the delivery and assembly, installation of mattresses, and the removal and recycling of old mattresses and box springs. They also provide services direct to customers, such as the delivery and installation of products. Further downstream, our supply chain includes suppliers of raw materials, such as wood, foam, and fabrics, as well as manufacturers of furniture and bedding.

BBH also provides services such as leasing, delivery, and assembly of furniture, beds and box springs. Moreover, we offer a wide variety of bedroom furniture, bedding, and related products, including beds, mattresses, bed frames, headboards, bedding sets, and pillows.

The outputs of our supply chain are focused on providing our customers with quality products, services, and experiences. By leveraging our retail stores, e-commerce platforms, and close relationships with suppliers and partners, we are able to provide customers with a wide range of products at competitive prices. To ensure customer satisfaction, we also offer a range of services, such as delivery, installation and after-sales services. For investors, we aim to offer long-term shareholder value, as well as the potential for long-term capital appreciation. Furthermore, we also seek to create value by providing employment opportunities and contributing to the local communities in which we operate.

Our value chain



Our supply chain

Our supply chain

Selecting suppliers and procurement policy

The sustainability of our suppliers is an integral part of our circular business operations, as their activities have an influence on the communities and environment in which they operate. To ensure our suppliers meet our ESG standards, we have implemented a procurement policy that guides us in sourcing, contracting, and managing our relationships with suppliers. This enables us to take their performance in relation to sustainability into consideration when making decisions. At the heart of our procurement process is the comparison of suppliers based on economic and technical criteria, in addition to the following ESG criteria for products, which forms part of the decision-making in our sourcing process:

- Complying with the Beter Bed Supplier Code of Conduct;
- Adopting the Business Social Compliance Initiative (BSCI), which is described in more detail below;
- Promoting the reuse and recycling of Beter Bed products to reduce landfill and help us shift to a circular business model;
- Promoting the reduction of the use of virgin raw materials and glue;
- Our suppliers must undertake reasonable due diligence within their supply chains to ensure that raw materials used in their products are sourced with the utmost care, for instance excluding sanctioned regions, complying with timber regulations, and respecting human rights and animal welfare;
- Extending the life cycle of products.

Having selected a supplier, we require them to comply with the Beter Bed Supplier Code of Conduct. As a large company that purchases many sleep-related products, we only do business with suppliers that comply with our supplier code of conduct. This code, which forms part of our general purchasing conditions, sets out social and environmental requirements for suppliers, with provisions related to human rights, labour conditions, privacy, timber regulations, safety, environment, bribery, and corruption. We work with strategic suppliers on an ongoing basis, setting out specific terms and conditions for products and services so as to improve their sustainable performance.

Supplier risk management

We classify suppliers that we have selected according to the impact they may have on the environment and the communities in which they operate, in addition to the working conditions of their employees.

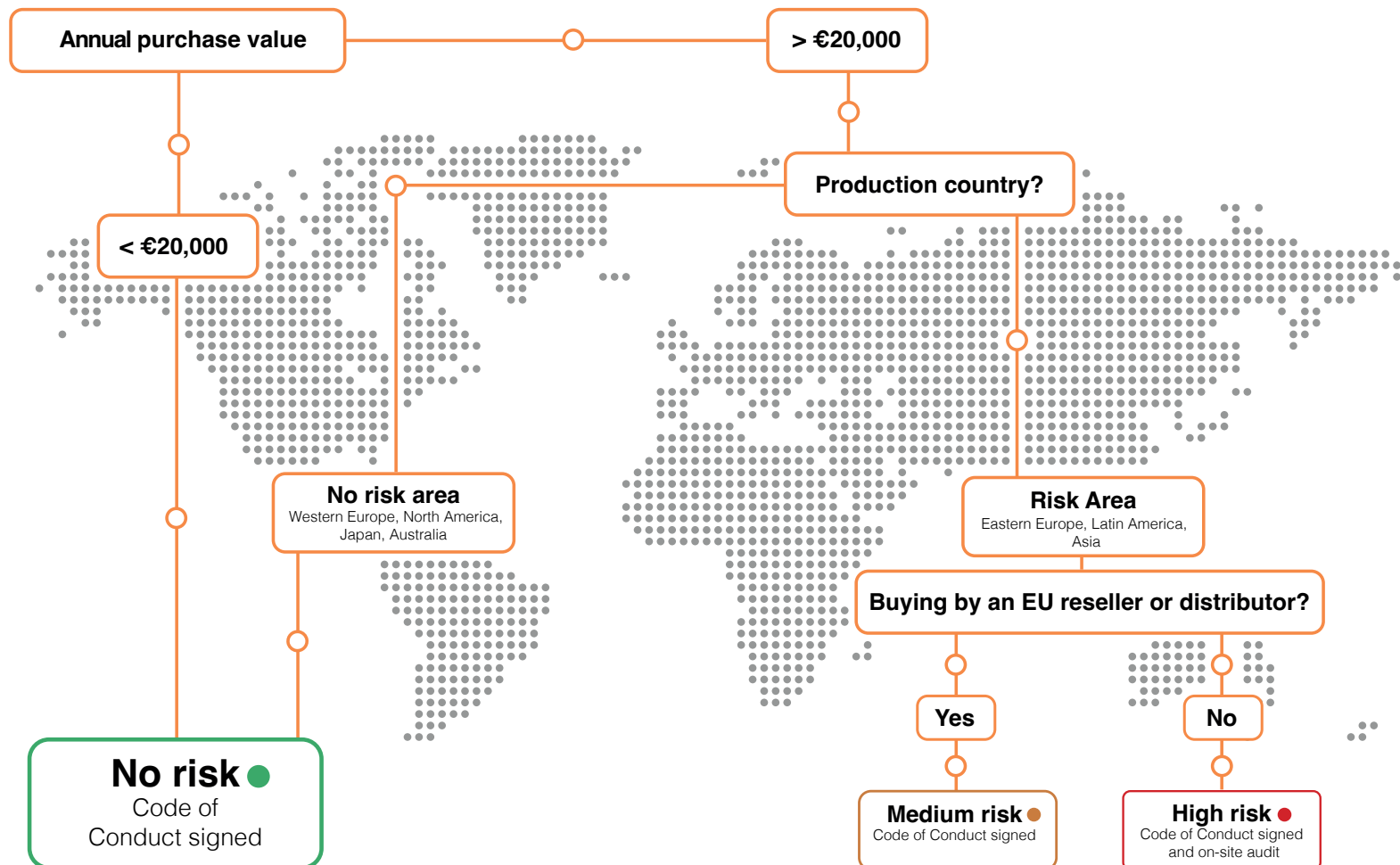
We assess this risk based on three factors:

- Production country;
- Annual purchase value;
- Potential environmental or social impact of a supplier's operation, product or service.

We use this assessment to determine the frequency with which we check the annual purchase value of the sustainability of their operations. In 2022, we had a total of 57 unique Tier 1 suppliers with a spend of more than € 20,000, of which we classified 13 as high-risk.

Suppliers classified as high-risk are subject to social audits carried out by an independent third-party auditor. These audits are repeated periodically to monitor whether suppliers and subcontractors comply with the sustainable guidelines set in our supplier code of conduct and the Business Social Compliance Initiative (BSCI).

Our supply chain



EU taxonomy

EU taxonomy

Reporting framework

The European Green Deal has been developed to tackle and overcome the massive challenges associated with climate change. To mitigate the risk of greenwashing, create clarity as to what being 'sustainable' entails, and determine what activities contribute towards a climate-neutral future, the European commission developed the EU taxonomy, a classification system for sustainable activities. This criteria determines whether an organisation makes a substantial contribution towards a sustainable economy, and aims to encourage and increase the understanding of sustainable finance and investment.

In order to classify an activity as sustainable using the EU taxonomy, it is necessary to make a distinction between being taxonomy eligible and taxonomy aligned. If the activity is covered under the delegated act, it has the potential to have a significant impact on one of the environmental objectives, and is therefore considered eligible. For an activity to be considered as taxonomy aligned, the eligible activity must meet three criteria. First, it must meet the 'substantial contribution' criteria in the delegated act. Second, it must 'do no significant harm' to the remaining environmental objectives. Third, we as a group are required to meet the minimum social safeguards in relation to the OECD guidelines for multinational enterprises and the UN Guiding Principles on business and human rights. If the eligible activity meets the previously stated performance requirements, it is sustainable according to the delegated act.

For the financial year 2022, we are required to not only report on taxonomy-non-eligible and taxonomy-eligible activities, but also on taxonomy-eligible activities that are not aligned, and those activities that are aligned.

Results

At year end, our sustainability team conducted a review of Beter Bed Holding's turnover, capital expenditure and operating expenses to identify the extent to which any activities within BBH's business should be considered eligible. The eligible activities were then screened and examined in line with the criteria to determine whether the activities made a substantial contribution, and are therefore considered aligned or not. A full reconciliation was then made to the total reported sales, capital expenditure and operating expenses information so as to avoid double counting in the allocation of the numerators.

Revenue

None of our revenue generating activities are described in the delegated acts on climate change mitigation and climate change adaptation. They are therefore not currently considered to be 'eligible', and for this reason there is no alignment analysis on the turnover KPI in this year's report.

Capital expenditure

Our capital expenditures are detailed in the consolidated cash flow statement Notes 1 and 2 (see page 111). A reconciliation of the additions included in the denominator of capital expenditure under the EU taxonomy is provided below.

in thousand €	2022
Additions to intangible assets	2,166
Additions to property, plant, and equipment	4,163
Total capital expenditure for EU Taxonomy purposes	6,329

EU taxonomy

The following expenditures are covered under the delegated acts, and are therefore eligible in accordance with the environmental objective 'climate change mitigation'.

Activity number in thousand €		2022
7.3	Installation of energy efficient light sources	606
7.3	Installation of heating, ventilation, and air-conditioning (HVAC)	105
Total eligible capital expenditures		711

11% of BBH's capital expenditure in 2022 was eligible but not aligned. We analysed these investments to determine whether they met the technical screening criteria and do no significant harm to one of the remaining objectives.

On the basis of information obtained by BBH's facilities department and suppliers of light sources and air conditioning systems, we can confirm that none of our eligible capital expenditure complies with all the criteria. This is due to the lack of information collected with regards to Directive 2010/31/EU, which concerns meeting the minimum requirements set for individual components and systems. In addition, light sources and air conditioning systems are not rated in the highest two populated classes in energy efficiency according to Regulation (EU)2017/1369, partly due to the new scale adjustments of the energy label. For this reason, we aim to conduct a climate risk analysis in 2023 so as to meet the 'do no significant harm' criteria. Nonetheless, to date, we are not aware of any climate risks within the scope of our eligible investments. Furthermore, we are continuing to enhance our human rights due diligence processes so that we can make a more positive impact within our supply chain.

The full EU taxonomy capital expenditure table is shown in the section 'Other information' (see page 159).

Operational expenditure

The delegated act uses a narrower definition of Operating Expenses than used in accounting definitions. A reconciliation of the denominator operating expenses under the EU taxonomy is provided below, and represents 0.5% compared with the accounting operating expenses.

Activity number (in thousand €)	2022	%
Maintenance and repair costs	645	
Total operating expenses for EU Taxonomy purposes	645	0.5%
Total operating expenses	117,715	100%

No research and development expenses were incurred in 2022, and we had no lease contracts shorter than 12 months. The following expenses are covered under the delegated acts, and are therefore eligible in accordance with the environmental objective 'climate change mitigation'.

Activity number in thousand €		2022
7.3	Maintenance and repair of energy efficient light sources	24
7.3	Maintenance and repair of energy efficient equipment (heating, ventilation, and airconditioning)	78
7.4	Installation, maintenance and repair of charging stations for electric vehicles	15
Total eligible operating expenses		117

18% of BBH's operating expenses in 2022 were eligible but not aligned. The activity 7.3 'installation, maintenance and repair of energy efficiency equipment' does not meet the technical screening criteria due to the equipment having the same characteristics as the capital expenditure. The activity 7.4 'installation, maintenance and repair of charging station' satisfied the criteria 'substantial contribution'.

The full EU taxonomy operating expenses table is shown in the section 'Other information' (see page 159)

EU taxonomy

Change during the reporting period (Capex & Opex)

In 2021, less than 1% of EU taxonomy capital expenditures and operating expenses qualified as eligible. Due to internal decisions such as the installation of energy efficient light sources and charging stations for electrical vehicles, different interpretations of the KPIs and criteria by means of analysing annual reports from peer organisations, and advice obtained from advisory parties, the analysis was performed according to the reporting requirements and with higher reliability than previous reporting year.

Disclaimer

We note that while the EU taxonomy regulation entered into force in August, 2021, common practices are still being identified that affect its application. Our findings are based on known practices and the most recently updated taxonomy.

Looking forward

In the future, it is likely that the taxonomy will continue to evolve and be refined to better meet the needs of investors, businesses and other stakeholders. The four remaining climate objectives will be added and existing activities will be more precisely defined to ensure that the taxonomy is an effective tool for driving sustainable investment. Based on these factors, our eligible activities could change, and through new innovations and developments we hope to make as positive an impact as we can.

	Revenue ¹	Capital Expenditure ²	Operating Expenses ³
Total scope of activities	Net turnover accounted for in the Consolidated Income Statement under IFRS derived from the sale of products and the provision of services.	Additions to tangible and intangible assets accounted for in the Consolidated Financial Statements under IFRS during the financial year, considered before depreciation, amortization and any re-measurements, excluding Goodwill.	Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS that relate to research and development, building renovation measures, short-term lease, maintenance and repair (excluding expenses reported as raw materials and consumables used), and any other direct expenses relating to the day-to-day servicing of assets or Property, Plant, and Equipment (PPE).
Total scope of activity	€ 229,434 thousand	€ 6,329 thousand	€ 645 thousand
Taxonomy eligible activities	Turnover derived from products or services that are associated with taxonomy eligible activities.	The part of the Capital Expenditure that is any of the following: <ul style="list-style-type: none"> • Related to assets or processes that are associated with taxonomy eligible activities • Part of a plan to expand taxonomy eligible activities • Related to the output of Taxonomy aligned, enabling or transitional activities as well as activities related to the installation, renovation and repair of building or renewable energy solutions 	The part of the Operating Expenses that is any of the following: <ul style="list-style-type: none"> • Related to assets or processes that are associated with Taxonomy-aligned economic activities • Part of a plan to expand taxonomy eligible activities • Related to the output of Taxonomy aligned, enabling or transitional activities as well as renovating activities.
Taxonomy-eligible percentage	N/A	11%	18%
Aligned activities	Turnover generating activities that are eligible and make a substantial contribution to one of the environmental objectives by meeting the technical screening criteria of that activity and objective.	Capital Expenditure that are eligible and make a substantial contribution to one of the environmental objectives by meeting the technical screening criteria of that activity and objective.	Operating Expenses that are eligible that make a substantial contribution to one of the environmental objectives by meeting the technical screening criteria of that activity and objective.
Taxonomy-aligned percentage	N/A	0%	0%

KPI scorecard

KPI scorecard highlights

To ensure the successful execution of our strategy, we established at least one KPI for every material topic to monitor progress over time. In 2022, we focused on those material topics identified in our materiality analysis as having the highest priority. In addition, we report on the KPIs that we will continue to report on in the future, in addition to those required by specific laws and regulations.

Promise

Innovation for better sleep

To improve our customers' quality of sleep, we introduced Beter Slapen ID. This began in 2021 with a pilot in our new sleep experience store in Groningen in which we tested, optimised and assessed the popularity and effectiveness of the new technology. In 2022, we started the system's roll-out across our network of Beter Bed stores in Belgium and the Netherlands, with the full roll-out is set to be completed in the first half year of 2023.

This year, we also introduced a KPI to measure the use of Beter Slapen ID in the stores in which it is available. Feedback to date is very positive, and we expect 70% of in-store customers will use the system to choose the right sleep solution for them by 2025.

CO₂ emissions

One of the most important aspects of our sustainability strategy is to contribute to a better climate by reducing our CO₂ emissions.

In 2022, we invested in energy-efficient measures in our stores and other buildings, and reduced emissions through the electrification of our fleet and the transition to renewable energy for our own operations.

We also began a pilot for the use of electric transport vehicles in our service fleet, and changed the lease regulation for staff cars so that all future cars will be electric, with the goal being a fleet that is at least 30% electric by 2025.

In addition to these investments, which resulted in a year-on-year reduction in CO₂ emissions of our own operations of 50.7%, we invested to offset a further 1,000 tons of CO₂ emissions by participating in the Qianbei Afforestation Project in the east of China. This resulted in a total reduction in CO₂ emissions of 64% compared with 2021.

People

Human rights & supply chain

In 2022, we achieved our 2025 target, as we were successful in ensuring that all our suppliers (100%) signed our supplier code of conduct. As a result, we will start the risk inventory and audit of the suppliers earlier than planned. In our supplier code of conduct we also make agreements with our suppliers to prevent corruption and bribery: suppliers may not pay or accept any bribes, including gifts, in order to obtain services, assignments or other benefits (including financial benefits) and may not otherwise be engaged in corruption within the meaning of the OECD guidelines.

KPI scorecard

Employer safety & well-being

We consider safety & 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.

In 2022, to ensure that safety is given the highest priority at BBH, our cross-departmental safety organisation was restructured. Central safety contacts were appointed and procedures redefined. Furthermore, all distribution centres were reviewed and required to meet new safety standards. Among other things, this has improved how any accidents or incidents are recorded.

Product

Circular product development

2022 was the first year in which we applied our new definitions for our more sustainable products. These were determined on a product group basis by our sustainability team and category management department. In total, there are four categories of more sustainable products: circular, modular, certified natural and certified recycled. These categories have been adopted in our tender criteria for the development of new products. By year-end, this had resulted in 16% more sustainable products across our product range.

KPI scorecard

Material topic	KPI's	Unit	KPI score 2021	KPI score 2022	Target year 2025 ⁴	Status
Promise						
Innovation for better sleep	% of mattresses purchased after using Beter slapen ID	%	n.a.	58%	70%	●
Community engagement	% investment in sponsoring (of marketing budget)	%	3.9%	2.8%	no target applicable	●
Sustainable operations	% waste recycled	%	93%	89%	>95%	●
	CO ₂ emissions	Tonnes	6,237	2,252	-75%	●
	Energy consumption (TJ)	TJ	76	73	-20%	●
	% renewable energy	%	0%	100%	>75%	●
	% electrical fleet	%	3.4%	5.1%	>30%	●
People						
Human rights & supply chain	% suppliers who signed the code of conduct ²	%	81%	100%	100%	●
	% suppliers audited	%	n.a.	n.a.	100% ³	●
Diversity & inclusion	Gender diversity staff	%	43%	43%	>40%	●
	Gender diversity extended management team	%	29%	30%	>33%	●
	Gender diversity Management Board	%	50%	50%	>33%	●
Training & development	# hours training per employee	h	16h ¹	14h	no target applicable	●
	Number of employees to have received a promotion	#	68	53	10% of total FTE	●
Employee safety & wellbeing	Sick leave	%	5.5%	5.3%	5.3%	●
	Accidents	#	9*	12	0	●
	Near misses	#	0	0	0	●
Product						
Circular product development	More sustainable products	%	15%	16%	45-52%	●
Collaboration for reuse and recycling	% of mattresses returned for recycling	%	11%	13%	25%	●
Sustainable packaging	% of packaging recycled	%	96%	96%	>95%	●

1) Definition changed

2) Suppliers with >20k purchase value in reporting year

3) High risk suppliers

4) Base year: 2021

● New

● Maintained

● Work to be done & Maintained

People key figures



Number of employees and FTEs

	Employees	FTEs
2022	1,047	911
2021	1,084	937

Age diversity

	<30	30-50	>50
2022	29%	39%	32%
2021	32%	38%	30%

Training modules completed

2022	20,516
2021	13,918

Gender diversity

	♀	♂
2022	44%	56%
2021	44%	56%

Gender diversity Supervisory Board¹

	♀	♂
2022	50%	50%
2021	40%	60%

Gender diversity Management Board²

	♀	♂
2022	50%	50%
2021	50%	50%

¹ Our goal is that the Supervisory Board exists of a minimum of 33% in either gender. In 2022, the Supervisory Board consisted of 2 women and 2 men.

² Our goal is that the Management Board exists of a minimum of 33% of either gender. In 2022, the Management Board consisted of 1 woman and 1 man.

People

Being an employer of choice

How we create ambassadors by focusing on happiness at work

Having a clear sense of purpose at work has become ever more important to employees in today's working environment. How we as a company articulate our *Sleep better, live better* purpose internally with our team of employees, is therefore every bit as important as how we communicate it externally. Each and every member of our team plays a vital contribution in helping people to have a better life by getting a better night's sleep. We believe this mission is something our employees can be proud of and passionate about, and something that can help them make the right choices for our customers at work.

We are striving to be an 'employer of choice'. Our company has already taken considerable steps to become more attractive to our existing employees, helping to make them proud and engaged ambassadors in what remains a competitive employee market. Central to this is our work to make BBH an inspiring place to work. We challenge our employees to discover, use and enhance their talents in a pleasant, respectful and safe working environment. To this end, we as a company place a real focus on learning and development, helping to improve our team's knowledge and competences, and ultimately their ability to deliver for our customers.

We are proud that our teams live and breathe our *Sleep better, live better* purpose, exhibit a shared passion for the products and services we offer, and provide the very best possible sleep advice to our customers.

Employee engagement

Engagement survey

Happiness at work is pivotal to everything from employee commitment to productivity. It all starts with listening to our employees so that we understand their wants, needs and expectations, together with any causes of dissatisfaction.



To ensure their commitment and happiness, we require the right data and insights to respond appropriately to how they feel. This is why in 2022 we launched our new employee engagement survey: Happy@work.

At 70%, the response rate for the 2022 survey was good, indicating high levels of engagement. The results were also positive, demonstrating that BBH performed significantly better on almost every topic compared with the average benchmark score, which included a large number of comparable employers.

People

Overall, based on results from the survey, our employees are more positive and significantly happier compared with the benchmark scores about levels of cooperation and working together within their own team, the willingness to embrace change across our company, and feeling appreciated and recognised. Further progress is, however, required to improve internal communication within our company.

One way in which we have worked to enhance internal communication has been through the introduction of our new custom-designed and easy-to-use employee app called Happy@work. The app fulfils the needs of our employees by providing access to a wide range of information, such as updates about HR, safety, our commercial performance and new colleagues joining our company. The app is proving popular with employees, as evidenced by the numbers of dedicated users, which has increased from 65% on the old app to almost 75%. It is also helping us to strengthen both employee engagement and internal branding. We understand that the commitment and engagement of our employees must continue to be a focus area if we are to achieve our ambition of becoming an employer of choice.

A safe, happy and respectful working environment

As an employer, we do all we can to foster a safe, happy and respectful working environment. During 2022, we took a number of actions in the warehouses to improve safety, such as training programmes about physical strain, a training programme on emergency response, and new signage to highlight safety instructions. As a result of these improvements, safety incidents are detected and signalled earlier. Over the course of the year, a total of 12 work-related accidents were reported. These accidents were not the result of an unsafe working environment, but nevertheless occurred during office hours and were therefore reported as such. In all cases, appropriate action was taken immediately.

In terms of creating a respectful workplace, we believe that any incident of inappropriate behaviour that is inconsistent with our values and affects an individual's dignity at work is one too many. We have communicated our zero-tolerance statement – which outlines what employees should do in the event of them experiencing or observing any such behaviour – to all employees through various channels, emphasising that all employees must feel safe at BBH and be treated with respect at all times.

BBH's Code of Conduct (COC) includes the key principles on how BBH conducts its business, and how it expects its employees to act. The COC is compulsory for our employees and includes various topics, including fair competition, corruption, improper advantages, and anti-fraud. Awareness about the COC is raised through our employee onboarding programme and our company whistleblowers policy. The COC applies to members of our Supervisory Board, Management Board and all employees, with anyone at BBH able to report potential violations of our COC through the procedures stated in our whistleblowers policy. Regardless as to how an issue is reported, our whistleblowers policy includes a non-retaliation policy that applies to any individual that reports a concern or incidence of inappropriate behavior. In 2022, no concerns were reported through our whistleblowers policy.

Recruiting in a competitive market

Given that the significant number of vacancies in our sector has occurred at a time of low unemployment, our company has experienced how challenging it can be to fill vacancies in the current market. For this reason, we have sought to continuously improve both our online and offline visibility. An important element of this work was the launch of our state-of-the-art new recruitment website in March 2022. This showcases BBH by giving potential employees an insight into our company and culture, together with promoting opportunities across our organisation. In addition, we are putting greater emphasis on our social media channels to better target the right people.

Working in a performance- and development-oriented environment

Employee development is not only key to an individual's future prospects, but also to the future success of BBH. We therefore strongly believe in the importance of employees having clear career paths in which they can grow, discover their talents, follow their ambitions, and have opportunity to get promoted. During the year, 53 BBH employees received a promotion as a direct result of this focus on development.

This year, 53 employees from different levels of our organisation – drawn from our head office, and regional and store management – followed a training programme to strengthen their management skills. We also held a series of management offsites during which almost 60 of our senior leaders and executives focused on their personal leadership style, together with learning more about the best way to translate our strategy to their teams in an engaging, inspiring and practical way. Another interesting development initiative involved 150 employees further improving their teambuilding skills by taking part in our new 'talent check programme'.

People

This programme is undertaken at team level and helps to provide insights about the respective talents of the different members of the team. This helps to better understand one another, particularly in terms of getting the very most out of one another's talents.

In 2022, we developed a senior leadership programme for high potential senior leaders set to take on greater responsibility within the next two years. This blended programme will begin in 2023, and includes knowledge modules, skills training in personal effectiveness, strategic leadership, team development, and active participation in several projects. Learning takes place both 'on the job', with coaching provided internally by GLT members to whom they do not report, and 'off' the job, with coaching provided by external learning and development specialists.

Talent review

As part of the strategic HR planning, a talent review was undertaken in 2022 of the GLT members and senior leaders reporting directly to them. This talent review was also discussed with the Supervisory Board. The talent review provides not only a review of performance with respect to other senior colleagues but also a picture of the possible development opportunities for the succession of the Management Board members and GLT members. This review is a regular subject of discussion at BBH with respect to talent recognition and career development.

From product sale to sleep advisor

Our new special sales programme, launched in January 2022, will see traditional sales conversations transformed from being product-oriented to truly sleep advice-oriented. Our sales advisors are today sleep specialists, and equipped with expert knowledge are able to advise customers about the best sleep solutions for them as individuals. All our stores' teams now receive specialist training so that they are fully able to provide expert sleep advice, in line with our company's shift in approach from focusing on product sales to sleep advice. This is supported by our Beter Bed Academy (our online learning platform with almost 800 training modules), which has a number of newly created product modules that enable our teams to be up-to-date with the latest sleep products and technologies.

Diversity & inclusion

Our company strongly believes in the importance of having a diverse and inclusive workforce in terms of education and experience, nationality and cultural background, gender, age, and also in people with a distance to the labour market. Moreover, it is vital that everyone at BBH feels welcome and respected.

As an organisation that is working hard to foster a more inclusive workplace, we were pleased to achieve the Performance Ladder Social Entrepreneurship (PSO) certificate in February 2022, as a result of our focus on supporting individuals who find themselves in a vulnerable labour market position. We believe our work and commitment in this area is an important element of our social responsibility as a company. As a result of this change in focus, we successfully increased the percentages of employees in this specific target group.

While we reached our goal for gender diversity of at least 33% of either gender across our company in 2022, female representation in our extended management team amounted to 30%. Through our senior leadership programme for high-potential senior leaders, we hope to strengthen the experience of future leaders at BBH, thereby creating a more balanced extended management team in the future.

Representing our employees

A new works council was chosen at the beginning of 2022, with 12 positions split across our organisation's different disciplines and functions. The works council represents all different business units and meets on a monthly basis to discuss topics related to employees and business operations.

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 very pleased that our working relationship with the works council is honest, transparent and cooperative, and would like to thank them for their constructive collaboration over the past year.

People

The development of the number of employees is as follows:

	2022	2021	2020	2019 ¹	2018 ¹
Diversity					
Women	457	471	492	535	500
Men	590	613	632	651	596
Total	1,047	1,084	1,124	1,186	1,096
Age					
<30	306	345	399	421	340
30-50	402	417	448	491	512
>50	339	322	277	274	244
Total	1,047	1,084	1,124	1,186	1,096
Diversity in extended management team					
Women	15	15	12	10	9
Men	35	36	35	35	31
Total	50	51	47	45	40
Diversity in extended management team (in %)					
Women	30%	29%	26%	22%	22%
Men	70%	71%	74%	78%	78%
Total	100%	100%	100%	100%	100%

	2022	2021	2020	2019 ¹	2018 ¹
Full-time/part-time					
Full-time - women	73	72	86	92	71
Full-time - men	360	380	371	416	401
Part-time - women	384	399	405	470	429
Part-time - men	230	233	262	208	195
Total	1,047	1,084	1,124	1,186	1,096
Fixed-term/temporary contracts					
Fixed - women	308	339	353	353	352
Fixed - men	416	420	404	386	385
Temporary - women	149	132	138	172	148
Temporary - men	174	193	229	275	211
Total	1,047	1,084	1,124	1,186	1,096
By region					
The Netherlands	991	1,029	1,073	1,028	908
Sweden	-	-	-	120	156
Belgium	56	55	51	38	32
Total	1,047	1,084	1,124	1,186	1,096
Parental leave					
Women	7	8	5	15	17
Men	16	2	9	4	10
Total	23	10	14	19	27

¹ The years 2018 and 2019 include Swedish employees.

Interview with Cody Gakpo

Sleeping for success

With the margin between winning and losing incredibly small in the world of sport, the difference between success and failure is not just about how hard you train, but also how well you sleep. For the Netherlands' centre forward Cody Gakpo, who starred at the 2022 World Cup in Qatar, the link between high-quality sleep and high performance makes getting a good night's sleep crucial: *"It doesn't matter whether you're playing in the World Cup, training at your local club or working in an office, sleep is vital for your physical health and mental well-being."*

The right state of mind

Sleep was not always, however, at the forefront of Cody's mind. "When I was a kid, and then as I progressed through the youth ranks of PSV, I was aware that sleep was important. But as I grew older, and broke through in to the first team at PSV, I learned just how important it is for everything. Especially for recovering from injuries and of course for match preparations, so that you're in the right state of mind ahead of, and during, big games."

Big games are certainly something that Cody has experienced his fair share of in recent months, having scored in each of the Netherlands' group games in the World Cup and made his debut for Liverpool: "To play at a World Cup and follow in the footsteps of so many great players like Bergkamp, Seedorf and Van Basten was a dream come true. Although we didn't bring the trophy home, the only team that beat us was the eventual champion Argentina, and we can be proud of how we performed."



Interview with Cody Gakpo

“Sleep is even more important in the run-up to important matches like in Qatar or on my debut at Liverpool. From the constant travel to the press conferences and other commitments, there’s so much going on. But come game time, you really must be able to make split-second decisions under pressure and to be on the top of your game, as you don’t get a second chance.”

“Sleep is even more important in the run-up to important matches”

Winning with qualitative sleep

Sport scientists would certainly agree, with evidence showing that improved sleep quality and increased sleep duration have a tangible effect on competitive success. From a physical perspective, quality of sleep has a significant effect on the body’s ability to recover from injuries and fatigue after gruelling training sessions. Moreover, sleep also impacts our cognitive functioning, affecting our ability to concentrate, process information, make decisions and perform in stressful situations. “Performing at the highest level is not something that happens by accident. It’s all about getting the very most out of yourself and thriving under pressure. To give yourself the best chance of doing that you need to train right, eat right, and sleep right. There’s no point in turning up for a big game unless you’ve prepared properly. From friends and family to fans, there’s a lot of people depending on you. I always want to step on the pitch knowing that I’ve done everything I can to give me, and my teammates, the best chance of winning.”

With the eyes of the sporting world on him in Qatar, Cody was not fazed by the added attention. “As an attacker, at the end of the day, the reality is that you’re judged on how many goals you score. That means a certain amount of pressure that you’ve got to be able to process. And doing that is much harder if you’re anxious after a bad nights’ sleep.”

“I always want to step on the pitch knowing that I’ve done everything I can to give me the best chance of winning”

The message behind M line’s campaign ‘Voor topsporters, en voor jou!’ (For elite athletes, and also for you), in which Cody featured in a commercial together with Vivianne Miedema, from the Netherlands women’s football team, really resonated with him. “Sports scientists say sleep is an investment in tomorrow, rather than time lost from today. Beginning your day well rested is important whether your workplace is an office, school or Anfield. Everyone benefits from a healthy sleep routine to get a good night’s sleep and the max out of their day.”

Cody’s own sleep routine is all about regularity. “You must listen to your own body. I always try to sleep a minimum of 8 hours a night. If we have a big match in the evening, I sometimes take a short nap in the afternoon so that I’m feeling fully fresh, relaxed and ready to play.”

“Beginning your day well rested is important whether your workplace is an office, school or Anfield”



Cody Gakpo (1999) is a professional football player and plays for Liverpool FC in the English Premier League. He is also a leading player for the Dutch national team, having made his international debut in 2020. He has been an ambassador for M line since 2022.

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. He also serves as an advisor to a Dutch family office, and is a Supervisory Board member at SPAR Holding B.V.

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 for Royal Dutch Shell management at INSEAD in 2005.

John joined Beter Bed Holding N.V. in the position of CEO on 1 April 2018, and was reappointed as a Statutory Director in the position of CEO at the EGM of 16 December 2021.

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 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

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 holds various executive and supervisory positions at, among others, Koninklijke Vezet 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 Chair of the Remuneration Committee and member of the Selection and Appointment Committee and 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 and Spadel. 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.

Corporate 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 Management Board biographies (see page 73)

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 for achieving 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 at 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 96).

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 2022, no conflicts of interest were reported (for further information we refer to the note 'Related party transactions' (see page 139)).

Corporate Governance

Supervisory Board

During 2022, the Supervisory Board consisted of four members. All members are independent under the terms of best practice provision 2.1.7, 2.1.8 and 2.1.9 of the Code. Biographies of members of the Supervisory Board can be found in Supervisory Board biographies (see page 74).

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 93).

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 works 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.

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 93). 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, 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 93) of individual members of the Supervisory Board can be found in the Remuneration report. 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. A 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.

Corporate 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 2022, 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 by creating a more diverse and inclusive organisation. Beter Bed Holding N.V.'s diversity strategy is focused on a comprehensive inclusion and equality approach throughout the organisation. Gender diversity is one of the key elements of this strategy. To improve the diversity of the Supervisory Board and the Management Board, the Company has the following specific diversity objectives: (i) maintain a sound balance of nationality and cultural background within the Supervisory Board and the Management Board; (ii) maintain the gender diversity within the Supervisory Board and the Management Board, such that at least 33% of the Supervisory Board and the Management Board will consist of either gender; and (iii) increase 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 appointment of Mrs Gabrielle Reijnen as Statutory Director of the Company at the 2020 Annual General Meeting, Beter Bed Holding N.V. has a 50% female representation on the Management Board.

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 include aiming to have a minimum of 33% of either gender representation on the Supervisory Board. The Supervisory Board currently has an equal balance between members. Since the appointment of Mrs Barbara van Hussen and Mrs Maaike Schipperheijn in 2020, age diversity, as defined in the Company's corporate governance code diversity policy, has increased.

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. Ernst & Young Accountants LLP was appointed as the external independent auditor at the 2022 Annual General Meeting, replacing PricewaterhouseCoopers Accountants N.V.

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.

Corporate 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 2022, one General Meeting was held: the Annual General Meeting on 11 May 2022. Further details of this meeting 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 2022, a total of 27,186,564 ordinary shares were issued and are outstanding. On 14 July 2022 it was registered with the Dutch Chamber of Commerce that Beter Bed Holding N.V. Meets the criteria mentioned in article 2:263 section 2 DCC (structuurregime). The Beter Bed Holding N.V. Group consists of Beter Bed B.V., Bedden en Matrassen B.V., Beter Bed Financial Services B.V., European Bedding Participations B.V., Nordic Bedding Company (NBC) B.V., DBC International B.V., and DBC Nederland B.V.

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 11 May 2022, 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 11 November 2023. 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.

Corporate Governance

Repurchase by the Company of its own shares

The 2022 Annual General Meeting resolved to authorise the Management Board to acquire shares in the capital of the Company up to 10% of the number of issued ordinary shares, 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 11 November 2023.

Cancellation by the Company of its own shares

The 2022 Annual General Meeting resolved to authorise the Management Board to cancel acquired shares in the capital of the Company up to 10% of the number of issued ordinary shares, 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 11 November 2023.

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%, 15%, 20%, 25%, 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 2022, and are listed in Substantial holdings under section Shareholder information (see page 87).

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. Following shareholder approval at the Extraordinary General Meeting (EGM) of 16 December 2021, a one-time equity performance award with a holding period of less than five years was granted to Mr Kruijsen. The rationale for the holding period is to align the one-time award with Mr Kruijsen's extended term as Chief Executive Officer and member of the Management Board. For more information, please see the Remuneration report (see page 96).

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, which was updated to its current monitoring format in 2021. 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 our 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. Beter Bed Holding N.V. is prepared to take strategic risks in a responsible way that takes stakeholders' interests into account and is consistent with the growth strategy. Furthermore, the Company is maintaining a very cautious approach to financial and compliance risks. 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' obtains an understanding with respect to 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.

Risk analysis

Our 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, operational, and financial and compliance 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 of possible (fraud) risks. Finally, if needed, updates are for example made to the code of conduct, whistleblowers policy and the internal code on inside information.

The risks outlined on the next pages reflect the risks we believe to be most relevant to the successful execution of our strategy, with a time horizon of at least 12 months. The sequence of risks does not reflect their relative importance, vulnerability or materiality. This overview is not exhaustive as there may be risks as yet unknown to us or that are currently not deemed to be material. The overview should be considered together with the forward-looking statements.

Risk Management

Strategic risks

1. Customer risk

Risk description: Customers are key to the success of our company. Changes in customer behaviours and expectations, in addition to the entry of pure players in the online market, could - without a distinct response by BBH - result in a loss of market leadership and competitive advantage, decrease in sales, erosion of margins, and an inability to deliver on our strategic objectives.

Opportunity/response: In 2021, BBH launched our new 2025 Strategy that focuses on an omnichannel proposition which adapts closely to customer needs. The increased attention in 2022 on the importance of sleep, with BBH sharpening its offering, strengthening its brand, optimising its store network, and improving its online offering enabled us to continue to meet the changing needs of our customers. We have observed that customers recognise the steps we are taking, and appreciate the *Sleep better, live better* philosophy, as evidenced by a significant increase in market share, improved NPS, and the winning of a number of awards.

2. Corporate Social Responsibility

Risk description: CSR performance is a key enabler in our 2025 Strategy, and we have set both short- and long-term sustainability targets. Failure to meet them may lead to reputational damage, and impact sales and support from consumers, investors and other key stakeholders.

Opportunity/response: The CSR elements of our company's business activities are discussed regularly within the Group Leadership Team. This includes the way that sustainability is integrated into the business strategy. Furthermore, a KPI scorecard was developed in 2022, which going forward will be discussed on a monthly basis with each Group Leadership Team member. This includes the establishment of sustainability targets, and preparations are fully on track for CSR reporting and the auditing thereof so as to be fully compliant with the EU taxonomy and the Corporate Sustainability Reporting Directive (CSRD) in the future. Sustainability targets are incorporated in the performance scorecards (STI and LTI) of senior management. We expect that sustainability measures may have strategic implications (among others on category management, external stakeholders and public opinion), and are expected to result in a higher cost base.

Operational risks

3. Key individuals

Risk description: Our company is, in addition to the process and system elements, reliant on a number of key individuals at various positions throughout the organisation. Ineffective succession planning, insufficient investment in training and development opportunities, or a lack of investment in the automation of processes, could impact BBH's ability to conduct efficient and effective operations, and for external partnerships to deliver goods and services at/or below cost levels incurred by competition, potentially leading to a disruption of processes in the organisation and reputational damage.

Opportunity/response: Our company focuses, as part of its 2025 Strategy, on investing in processes and system elements to further reduce reliance on key individuals. A training programme for the next generation leaders was established to generate a flow of new talented people within the organisation. In addition, the availability of online and in person trainings is further enhancing the capabilities of our workforce.

4. Catastrophe

Risk description: Breakdowns or disruptions in our systems, of our strategic suppliers, online platforms and logistics may result in store closures, problems accessing our webshops, and non-availability of products for customers, and may have a significant adverse impact on our business operations, financial performance, reputation and customer satisfaction.

Opportunity/response: We have further enhanced our preventive plans and measures with respect to catastrophic events to enable us to adapt quickly to changing situations. Our business continuity program includes insurance coverage in key areas and the monitoring of vendors and third-party service providers. In addition, protocols are in place, with back-up scenarios, to minimise any supply chain disruption as much as possible. Resilience in terms of behaviour and mindset is now more important than ever before as our operations, the execution of our strategy and financial performance are subject to the effects of global macro-economic and geopolitical circumstances, which may also impact many of our customers and suppliers.

Risk Management

5. Talent

Risk description: Our success depends, in significant part, on our ability to attract, motivate, develop and retain a sufficient number of key employees with the specific knowledge and skillset to execute and achieve long-term strategies. The growing importance of our online proposition and changing customer demands mean that the necessary skillset of our employees is continuing to evolve. To remain a market leader in our industry, we need to have a diverse group of talented people with the right skills to work effectively together. In addition, availability of labour within each of our businesses may not be sufficient to meet in-store and online demand.

Opportunity/response: To attract people with the best skills, we are striving to be an 'employer of choice' in our industry. Our company has already taken considerable steps to become more attractive to our existing employees, helping to make them proud and engaged ambassadors in what remains a competitive employee market. In 2022, we conducted an employee engagement survey so that we are better able to understand our employees' needs. Given that a significant number of vacancies in our sector have opened up at a time of low unemployment, our company has experienced how challenging it can be to fill vacancies. Furthermore, the growing awareness and appreciation of our purpose has had a significant effect on attracting new employees.

Financial and Compliance risks

6. Information technology and data management

Risk description: Our business operations are substantially dependent on the uninterrupted operation of IT systems and our ability to maintain confidentiality, integrity and availability of information regarding customers, employees, suppliers, proprietary technologies, and business processes. Furthermore, the number of information security ('cybersecurity') threats continues to grow and is becoming more sophisticated in nature. These threats could adversely affect our business and reputation, in addition to having a significant legal, financial or reputational impact.

Opportunity/response: Our global information security policy includes a control framework to monitor adherence to this policy and mitigate the risk with regards to information systems. All key employees in the IT organisation are trained based on ISO standards on information security, and we continue to invest in our cyber-defence capabilities so that we are protected from evolving cybersecurity threats.

7. Liquidity

Risk description: Macroeconomic conditions may lead to a slowdown in economic activity, lower traffic both on and offline, and lower consumer spending. This could negatively impact revenue and cash flow generation, which could potentially impact our financial condition and result in a less effective execution of our strategy. In addition, higher inflation could impact the cash flow generating capacity of our Company due to increased costs and the nature of our business, which is characterised by a high operational leverage.

Opportunity/response: BBH ended the financial year with a strong net cash position. To further strengthen the financial position of the Company and to ensure that there is sufficient financial headroom to execute the strategy, the Company increased its credit facility to € 30 million. We also maintain a strict working capital management, have limited operations in non-euro currencies, and have limited interest risks due to our net cash position.

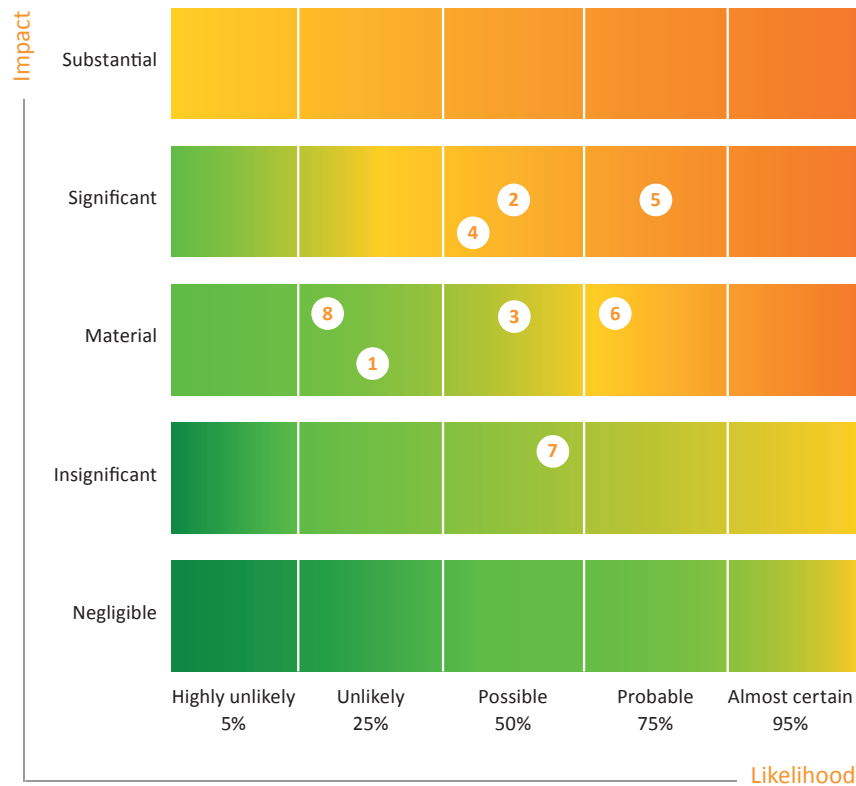
8. Fraud

Risk description: Fraudulent activities by employees and the bypassing of internal control procedures could result in an adverse impact on commercial operations, reputational damage, and customer satisfaction.

Opportunity/response: We have further improved our internal control framework, which includes a strict Code of Conduct. In addition, we maintain a zero-tolerance policy with regard to fraudulent behaviour and maintain a strong 'tone-at-the-top' so as to serve as an example across the organisation. With the further automation of administrative processes, we continue to mitigate risks in manual processes. Furthermore, a whistleblower hotline is in place for which any incidents are closely monitored and independently followed up. Fraud cases, if any, are reported to the Audit Committee.

Risk Management

The risks described on the prior pages, that we believe are the most relevant to our company, are shown in the following grid, and are based on our assessment of impact likelihood:



Additional risks and uncertainties

Other financial risks. Other financial risks include foreign currency translation risk, credit risk, interest risk, liquidity risk, tax-related risks, contingent liabilities, and risks related to the legislative and regulatory environment, including litigation. For further information on these other financial risks, refer to notes Financial results (see page 32), Capital and financial risk management (see page 122), and Borrowings (see page 130).

Other legal risks. Other 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 requisite knowledge, including legal specialists, tax specialists and accountants. In addition, audits are conducted on a regular basis. Beter Bed Holding N.V. does not take risks relating to non-compliance with legislation and regulations.

Other social risks. Other 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 its 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. To this end, we have adopted codes of conduct in various fields to ensure responsible conduct. Our corporate culture, in which integrity and ethical business conduct are core values, makes a significant contribution in mitigating such risks. Furthermore, the Company has also adopted a whistleblowers policy.

Risk Management

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 the 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 IFRS standards adopted by the European Union. Our internal control framework is designed to maintain integrated management control over the company's operations with a primary aim of ensuring the integrity of our financial reporting and compliance with laws and regulations. The financial reporting is prepared on a going concern basis.

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 147), respectively.

Risk Management

Management Board Statement

The Management Board states, in accordance with best practice provision 1.4.3 of the Code, that:

- The management report provides sufficient insight into any important deficiencies in the effectiveness of the internal risk management and control systems that may have been detected during the 2022 financial year, and that no major failings have been detected;
- The risk management and control systems provide a reasonable assurance that the 2022 financial statements do not contain any errors of material importance. Details with regards to this are outlined in the risk management section;
- In view of Beter Bed Holding N.V.'s current state of affairs, it is justified that the financial reporting is prepared on a going concern basis. This is based on the Company's strong cash position, and the available credit facility versus the risks facing the Company. Commentary on the Company's cash flow, liquidity and financial position is outlined in the financial results and risk management paragraphs. The capital and financial risk management is outlined in the consolidated financial statements; and
- The management report discloses all material risks and uncertainties that are relevant regarding expectations as to the continuity of Beter Bed Holding N.V. for the 12-month period after the date of issue of this management report. The risk management section of the management report provides a clear substantiation of the above-mentioned statement.

With reference to section 5:25c sub 2c of the Financial Markets Supervision Act, the Management Board states that, to the best of its knowledge:

- The annual financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Company, and the undertakings included in the consolidation taken as a whole; and
- The management report provides a fair view of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Company faces.

Outlook statement

Outlook statement

With our strong execution capabilities, our strong store network, and a growing online presence, we remain confident that we can weather the current challenges driven by the war in Ukraine, elevated inflation, consumer confidence, high commodity prices, and a tight labour market. Moreover, as a result of continuing to adjust and strengthen our proposition – and our continued strong strategic progress – we remain confident in our ability to increase revenues in the coming years. This confidence is underpinned by growing public awareness of the importance of sleep for physical and mental health, the successful rollout of our new shop format, featuring the popular Beter Slapen ID tool, and the national and international growth of DBC. By offsetting of the current increases in commodity prices through continued improvements in category management, we have been able to offer a consistent value-for-money proposition to our customers. Despite the current challenging environment, this is expected to deliver a stable gross margin towards the end of the year compared with 2022. Furthermore, 2023 will see us stabilise our capital expenditures to update the look & feel of our existing stores and finalise the roll out of Beter Slapen ID throughout our network – all while continuing to build our front- and back-end digital capabilities as we continue our company's investments to support accelerated omni-channel revenue growth in line with our 2025 Strategy.

Uden, the Netherlands, 9 March 2023

A.J.G.P.M. Kruijssen,
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 (both referred to here as '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. Any presentations given during these meetings 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

10 March 2023	2022 Full-year results, publication of the 2022 Annual Report
21 April 2023	Q1 2023 Trading update
10 May 2023	2023 Annual General Meeting
21 July 2023	Q2 2023 Trading update / 2023 Half-year results
20 October 2023	Q3 2023 Trading update
19 January 2024	Q4 2023 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 dividend policy that is to be applied on any profits over the financial year 2021 and subsequent years thereafter (until adjusted). The Policy was discussed during the Annual General Meeting of Shareholders (AGM) held on 11 May 2022. The policy is available on BBH's corporate website.

BBH's 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.

As a result of its financial position and its financial performance in 2022, BBH proposes a cash dividend of €0.15 per ordinary share for the financial year 2022 (2021: €0.15), reflecting the Company's ambition of a sustainable dividend per share. This will be proposed to the AGM to be held on 10 May 2023.

Shareholder information

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 2022.

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%
Harris Associates L.P.	19-02-2010	4.58%

General

Beter Bed Holding N.V. shares are quoted on Euronext Amsterdam in the Netherlands under the ticker symbol BBED and security code NL0000339703. The number of shares outstanding at the end of 2022 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 2022.

Share price

The graph below shows BBH's share price development during 2022.



Earnings per share

During 2022, BBH realised a total basic earnings per share of € 0.19 (€ 0.52 in 2021) and a total diluted earnings per share of € 0.19 (€ 0.50 in 2021). The average number of shares used to calculate earnings per share is 27,186,564 (2021: 26,660,340). The number of shares used to calculate the diluted earnings per share is 28,290,573 (2021: 27,693,110). The earnings per share from continuing operations are € 0.19 (€ 0.47 in 2021) and diluted earnings per share from continuing operations of € 0.19 (€ 0.45 in 2021).



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Report of the Supervisory Board

**Better sleep,
better social life.**



Chair of the Supervisory Board's statement

As Chair of the Supervisory Board, I am happy with the significant strides that Beter Bed Holding made during 2022 in terms of delivering on its mission, executing its strategy and delivering solid results.

Over the last twelve months, BBH once again showed itself to be both commercially and financially adaptable, agile and resilient. The Management Board of CEO John Kruijssen and CFO Gabriëlle Reijnen, in close collaboration with the Group Leadership Team, successfully focused on delivering for customers and building to capture future opportunities at a time when external events – from the COVID-19 pandemic to the war in Ukraine – brought volatility and uncertainty to the market.

Despite the challenging macroeconomic landscape, BBH continues to hold a strong financial position, with a net cash position. We as a board are pleased that the Company again achieved solid results, and is continuing to focus on the future and invest in sustainable growth. In addition, we believe that the decision to increase the company's credit facility to €30 million will support the further implementation of the strategic plan, and create the space for other opportunities.

The Supervisory Board is particularly pleased to see the pace increase in which BBH is taking the lead, with a successful omnichannel business model to serve the ever more customers that choose to combine shopping online and in store. Moreover, BBH is continuing to innovate, with the Beter Slapen ID tool a stand-out addition to the Beter Bed's store network, following the first experience store in Groningen, and the second one with an equally exciting development. This culture of innovation is also mirrored in the company's approach to becoming more sustainable, and we welcome the introduction of more sustainable products to reduce BBH's environmental footprint in line with its sustainability strategy, and further investments to make its operations more environmentally friendly.

Our board continues to be involved at all key stages in the development and implementation of both BBH's business and sustainability strategies. The company will continue to transform its operations to meet its ambitious sustainability goals, and we welcome how the newly introduced sustainability KPIs are helping to drive change across the business. Furthermore, from a people perspective, it is positive to observe senior management's focus on development, and recruiting and retaining the best talent across the business.

Bart Karls, Chair

"The Supervisory Board is particularly pleased to see the pace increase in which BBH is taking the lead"

Chair of the Supervisory Board's statement

I would also like to express my sincere appreciation and gratitude to everyone at Beter Bed Holding for their contributions during 2022, particularly during lockdown when their spirit, resolve and hard work showed the company at its very best. The strength of any organisation big or small lies in its people and its culture, and it is no exaggeration to say that the team at BBH is extremely dedicated and purpose driven. As a board, we also continue to enjoy a positive relationship with BBH's works council, which provide us with valuable insights about the company and represents the interests of BBH employees in a professional and constructive way.

“On behalf of the Supervisory Board, I would like to express my sincere appreciation and gratitude to everyone at Beter Bed Holding for their contributions during 2022”

Looking to the future, we are confident that Beter Bed Holding remains on the right trajectory to take advantage of opportunities in the market and serve many new customers as it delivers on its mission and purpose.

Bart Karis,
Chair of the Supervisory Board

Uden, the Netherlands, 9 March 2023

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 on the Supervisory Board biographies page (see page 74). 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 B. Karis and Mr A. Beyens were nominated for reappointment for a four-year term, and these reappointments will be submitted for approval at the Annual General Meeting of Shareholders to be held on 10 May 2023.

2022 Results

The Supervisory Board closely monitored the development of Beter Bed Holding N.V. and, more specifically, the execution of its strategy for long-term value creation and the risks associated therewith, and progress on meeting its sustainability goals.

The development of revenue and order intake in the Benelux and in New Business were solid despite the impact on sales of the COVID-19 lockdown in the Netherlands, an unusually long and hot summer, and the changing economic conditions as a result of the war in Ukraine. The increase in market share and the sales growth in 2022 demonstrate that the Group's strategy is delivering results. Our new supply chain network strategy is an important instrument for growth within our wider strategy, and will lead to greater efficiencies in our e-commerce proposition going forward.

The Supervisory Board remains convinced that despite the challenging economic conditions as a result of the war in Ukraine, the Group will continue to be successful in the coming years. Further investments in the digitalisation of the Group, roll-out of enhancements to the company's store formats, and the streamlining of logistic operations are all expected to help to further grow the business and improve profitability. This will require time, dedication and the right investments. For this reason, sound strategic thinking, operational excellence and secure financial management are required to ensure that this journey is undertaken successfully.

Financial statements and discharge

The 2022 financial statements were prepared by the Management Board and approved by the Supervisory Board. The external independent auditor, Ernst & Young Accountants LLP, 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 146). The Supervisory Board discussed the financial statements in detail in the presence of the Management Board and Ernst & Young Accountants LLP.

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 10 May 2023, 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 2022.

Composition of the Supervisory Board

Supervisory Board members are appointed at 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 74).

Report of the Supervisory Board

Activities of the Supervisory Board

In 2022, 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. Ten meetings took place between the Management Board and the Supervisory Board in 2022. Frequent calls were also held to ensure the Supervisory Board was fully up to date with respect to the macroeconomic challenges and developments stemming from both the COVID-19 pandemic and the war in Ukraine.

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% (10/10)	-	100% (4/4)	100% (2/2)
B.M.A. van Hussen	90% (9/10)	100% (4/4)	75% (3/4)	50% (1/2)
A. Beyens	100% (10/10)	100% (4/4)	-	-
M.C. Schipperheijn	90% (9/10)	75% (3/4)	100% (4/4)	100% (2/2)

On an annual basis, Supervisory Board members perform an assessment of the functioning of the Supervisory Board, the Supervisory Board Committees, and the individual Supervisory Board members. The evaluation of the functioning of the Supervisory Board as a whole over the year 2022 – which consists of an evaluation of the corporate body, the respective Supervisory Board committees, and the functioning of the members of the Supervisory Board – was performed by an external adviser. Outcome of the evaluation will be presented to the Supervisory Board and Management Board mid-March 2023. This included an assessment of the interaction between Supervisory Board members, and the interaction between Supervisory Board members and the Management Board, together with an assessment of the profile, composition, competences, and expertise of the Supervisory Board in line with section 2.2.6. of the Corporate Governance Code.

The Supervisory Board monitored the performance of the Management Board members in a Supervisory Board-only meeting. 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.

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 in light of governmental measures introduced in response to the COVID-19 pandemic, and the economic consequences of the war in Ukraine on the Group.

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, inventory management, and liquidity scenarios. Risk management, strategy and sustainability were recurring topics on the agenda of the Supervisory Board.

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 Ernst & Young Accountants LLP and their predecessor PricewaterhouseCoopers N.V., on a number of occasions. The budget for 2023, which was approved by the Supervisory Board in December 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 2022, the Audit Committee was comprised of Mrs Schipperheijn (Chair), Mr Beyens and Mrs Van Hussen. 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.

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 four occasions in the financial year 2022. 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. The Audit Committee also focused on the annual audit plan, compliance with previous recommendations, tax positions, liquidity and funding, the Group's risk management and control system, and the Group's (fraud) risk assessment. Furthermore, the Audit Committee made a recommendation to the Supervisory Board with respect to the appointment of Ernst & Young Accountants LLP as the external independent auditor of the Company. 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 2022, the Remuneration Committee was comprised of Mrs Van Hussen (Chair), Mr Karis and Mrs Schipperheijn. In 2022, four committee meetings were held during which the performance and remuneration of senior management were discussed. For more information, please see the Remuneration report (see page 96). 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 and reappointment of members of the Management Board and the Supervisory Board, and shares its deliberations and findings to the Supervisory Board. In 2022, the Selection and Appointment Committee was comprised of Mr Karis (Chair), Mrs Schipperheijn and Mrs Van Hussen. In 2022, two committee meetings were held, during which the respective reappointments of Mr Karis and Mr Beyens were discussed, which resulted in the nominations for reappointment. The Selection and Appointment Committee regulations can be found on BBH's website.

Conclusion

In 2022, the Group was able, despite the continued effects of the COVID-19 pandemic and the impact of the war in Ukraine, to secure a healthy and significant performance in sales, gross margin and cash, resulting in solid financial results. The Company successfully continued the implementation of both the company strategy and BBH's sustainability strategy. While the economic climate remains uncertain, we are confident that the Group will continue to make good progress in the execution of its strategy.

In conclusion, I would like to thank the Management Board, the Global Leadership Team, the Company's stakeholders, and most of all, BBH's team of employees, who contribute immensely to the Company's continued success through their hard work, resilience and dedication.

Uden, the Netherlands, 9 March 2023

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 2023.

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.

2022 was yet another extraordinary year during which nearly all sectors, including retail, faced considerable challenges. Overall company results being impacted by a lockdown and the war in Ukraine resulting in higher inflation, lower consumer confidence and macro-economic volatility, our management team continued to focus on cost control, disciplined capital spend and strict cash flow management. By deliberately maintaining high stock levels, we were able to ensure that any disruption to customer deliveries was minimised. While market conditions during 2022 were uncertain and challenging, our Management Board has shown decisive and proactive leadership by taking actions to carefully navigate through these circumstances. We continued to execute our strategic agenda and focused on sharpening our offering, strengthening our brand, optimising our store network and improving our online offering. At the same time, we see that our customers recognise the steps we are taking and appreciate our *Sleep better, live better* purpose, which is evidenced by an increase in our market share and double digit NPS growth compared with last year.

To support further the implementation of our strategic plans and pursue potential opportunities, we increased our financing facility to € 30 million (with Rabobank joining ABN AMRO), and continued to ramp up our sustainability activities – both in terms of preparations ahead of forthcoming regulations, and executing our sustainability strategy to become a more sustainable organisation.

Primary remuneration elements for 2022

The table below outlines the primary elements of our Management Board remuneration programme.

	When granted	Reviewed every 12 months	Annually for reported financial year
Who receives	Management Board members		
When granted	Reviewed every 12 months	Annually for reported financial year	In general on an annual basis in Q1
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
How payout is determined	Committee judgement	Formulaic & Committee judgement	Formulaic; Committee verifies performance 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 (33%), customer satisfaction-NPS (33%), and sustainability objective (33%)

Remuneration report

Peer group

In principle, the remuneration level is validated by a benchmark comparison, which is conducted 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 those 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. In 2020, assisted by the external strategic advisory firm Focus Orange, the Remuneration Committee 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 2022, the Management Board was composed of Mr John Kruijssen - CEO, and Mrs Gabrielle Reijnen - CFO. The table below 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.

Other 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		Short-term		Long-term		Total variable		Total remuneration		Fixed vs variable	
In thousand €	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
John Kruijssen																		
Costs (IFRS)	493	472	87	79	148	142	728	693	384	368	1,208	232	1,592	600	2,320	1,293	31%-69%	54%-46%
Grant date fair value											246	2,593	630	2,961	1,358	3,654	54%-46%	19%-81%
Gabrielle Reijnen																		
Costs (IFRS)	313	300	81	94	78	75	472	469	203	195	235	123	438	318	910	787	52%-48%	60%-40%
Grant date fair value											156	150	359	345	831	814	57%-43%	58%-42%

Remuneration report

Long-term variable remuneration

The amounts reported in the table on the previous page represent both the costs recognised during the year and the aggregate grant date fair value of share awards in the form of PSUs 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 2022

This section provides an overview of the application of the Remuneration Policy in 2022, 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 the adjustments in the salaries of the Company's employees in the Netherlands, and were adjusted by 4.32% in line with the market movement for BBH employees in the Netherlands.

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.

2022 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 2022, the performance criteria selected reflected the challenging economic circumstances that the Company experienced as a result of the war in Ukraine and the COVID-19 pandemic, while maintaining the focus on executing the Company's strategy, overseeing day-to-day business operations and optimising profitability. These criteria were: revenue growth and EBITDA, each weighted at 30%, and gross margin and free cash flow, each weighted at 20%. To improve the quality and predictability of the organisation, two additional qualitative targets were also applied.

	Performance Period	Threshold (80%)	Target (100%)	Maximum (130%)	Weighting	Result	Variable pay-out
QUANTITATIVE PERFORMANCE CRITERIA							
Sales growth	FY 2022			7.1%	30%	Above Maximum	
Operating margin	FY 2022			55.1%	20%	Above Maximum	
EBITDA	FY 2022			€ 28.8 mln	30%	Above Maximum	130%
Free Cash Flow	FY 2022			€ 3.8 mln	20%	Above Maximum	
QUALITATIVE PERFORMANCE CRITERIA							
Source 100% renewable energy for our operations by the end of 2022			✓	Discretionary			
Implementing >20 BeterBed ID-configurations at strategic locations in store network			✓	Discretionary			

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.

In light of the continuation of the challenges from 2021 that the Company faced in 2022, the uncertain macroeconomic circumstances, and 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 the 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 that the term of appointment as Management Board member terminates, the vesting is prorated for the period between award and termination date. 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.

Long-term incentives in 2022

Annual PSUs

The annual grants are set as a percentage of the base salary of the members of the Management Board. The number of awarded PSUs are determined by dividing this grant value by the average volume weighted average price (VWAP) of the Company's shares for all trading days in the calendar quarter immediately preceding the award date. Members of the Management Board were granted PSUs in 2022 that are converted into Beter Bed Holding N.V. shares at the end of the three-year performance period 2022-2024, subject to meeting the performance criteria. For the 2022 long-term incentive scheme, in addition to return on capital employed (ROCE) and net promoter score (NPS), the Supervisory Board introduced a key performance indicator (KPI) related to sustainability: "Reduction of BBH's absolute Scope 1 and 2 GHG emissions below 2020 baseline levels by 2024". 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	2022	Annual equity	28,825	48,041	67,258	246,383	✓
Gabrielle Reijnen	2022	Annual equity	18,307	30,511	42,715	156,479	✓

Remuneration report

Dividend equivalents

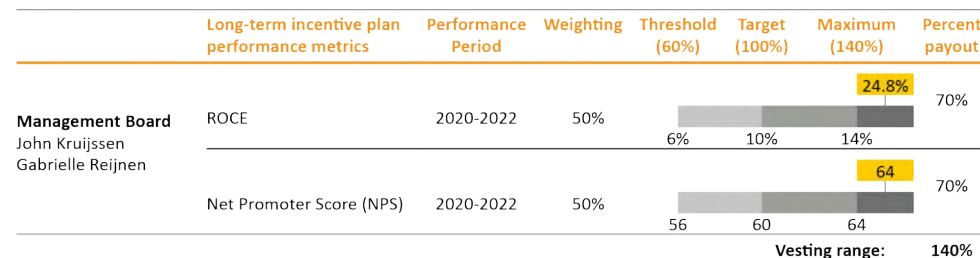
With respect to PSUs, whenever dividends are paid in cash by the Company to shareholders during the performance period, corresponding dividend equivalents are accrued on the PSUs awarded in that performance period.

2019 management options

Under the option programme, a number of options were granted to members of the Management Board in 2019 and 2020. In terms of the 2019 management options the Total Shareholder Return (TSR) of Beter Bed Holding N.V. after three years is compared with the TSR of nine relevant nationally and internationally listed companies that jointly form a peer group. The Company ranked five out of nine and, as a result, these options are vested at the 75% threshold, and accordingly the Remuneration Committee, in April 2022, confirmed the vesting of 75% of the 2019 Management Options.

2020 PSUs

The annual PSUs granted to the Management Board in 2020 are converted into Beter Bed Holding N.V. shares at the end of the performance period, based on ROCE and NPS at the beginning of the performance period of 1 January 2020 to 31 December 2022. For the calculation of the ROCE we refer to Financial results (see page 32). The Company exceeded these performance goals, and the Remuneration Committee therefore awarded all 2020 PSUs at a 140% vesting range in January 2023.



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 2022.

Name	Year of grant	Award type	Outstanding	Exercisable	Exercise Price	Expiration Date	Market Value ¹	Vesting Schedule
John Kruijssen	2019	Options	37,500	37,500	4.34	24-04-2024	0	Not applicable
	2020	PSUs	209,395	-			592,587	100% in 2023, subject to performance
	2021	PSUs	44,237	-			125,191	100% in 2024, subject to performance
	2021	PSUs	480,522	-			1,359,877	50% in 2024 and 50% in 2026, subject to performance
	2022	PSUs	48,041	-			135,956	100% in 2025, subject to performance
Gabrielle Reijnen	2020	Options	100,000	-	1.66	01-01-2024	117,000	100% on 1-1-2023
	2020	PSUs	132,987	-			376,355	100% in 2023, subject to performance
	2021	PSUs	28,095	-			79,509	100% in 2024, subject to performance
	2022	PSUs	30,511	-			86,346	100% in 2025, subject to performance

1) The market value of PSUs is calculated by multiplying the closing price of BBH stock as of 31 December 2022 (€ 2.83) (the last trading day of the year) by the number of shares underlying each award and assuming satisfaction of the target 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 2022.

Remuneration report

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

Name	Specification of plan	Performance Period	Award date	Vesting date	End of holding period	Opening	Movement during the year		Closing			
						PSUs at beginning of year	Applicable performance conditions and dividend equivalents	PSUs awarded in 2022	PSUs vested	PSUs subject to performance condition	PSUs awarded and unvested at year end	PSUs subject to holding period
John Kruijsen	PSUs	2020-2022	01-01-2020	31-12-2022	31-12-2024	142,039	67,356	-	-	209,395	209,395	209,395
	PSUs	2021-2023	01-01-2021	31-12-2023	31-12-2025	44,237			-	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	240,261
	PSUs - one-time performance grant	2021-2025	16-12-2021	31-12-2025	31-12-2025	240,261			-	240,261	240,261	-
	PSUs	2022-2024	01-01-2022	31-12-2024	31-12-2026			48,041	-	48,041	48,041	48,041
Gabrielle Reijnen	PSUs	2020-2022	01-01-2020	31-12-2022	31-12-2024	90,209	42,778	-	-	132,987	132,987	132,987
	PSUs	2021-2023	01-01-2021	31-12-2023	31-12-2025	28,095		-	-	28,095	28,095	28,095
	PSUs	2022-2024	01-01-2022	31-12-2024	31-12-2026			30,511	-	30,511	30,511	30,511

Remuneration report

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:

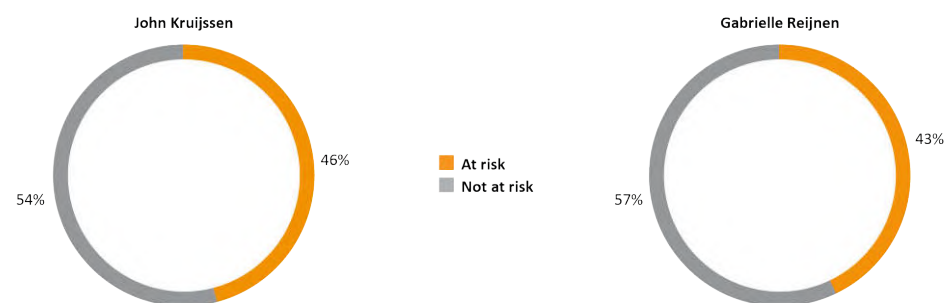
in thousand €	2022	2021	2020	2019	2018
Management Board					
Average number of FTE	2.0	2.0	2.0	2.0	1.7
Remuneration for individual MB members					
- A.J.G.P.M. Kruijssen	2,320	1,293	1,265	1,081	597
- G.E.A. Reijnen	910	787	721	-	-
- H.G. van den Ochtend	-	-	-	351	152
- B.F. Koops	-	-	-	-	216
Total MB remuneration	3,230	2,080	1,986	1,432	965
Average remuneration (A)	1,615	1,040	993	716	579
Other employees					
Average number of FTE	922	935	1,025	1,003	2,805
Personnel expenses ¹	41,774	38,568	45,767	45,632	109,290
Average remuneration (B)	45	41	45	45	39
Total					
Average number of FTE	924	937	1,027	1,005	2,807
Personnel expenses ¹	45,004	40,648	47,753	47,064	110,255
Average remuneration	49	43	47	47	39
A/B pay ratio	35.6	25.2	22.2	15.3	14.9

1 Personnel expenses less external staffing expenses.

The increase in the pay ratio in 2022 is caused by the one-time performance grant of the CEO following his reappointment in December 2021. In the period 2018-2019, the Company's pay ratio was effected by divestments resulting in changes in our employee mix.

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 2022 was analysed and the outcome taken into consideration by the Supervisory Board when reviewing the Management Board members' remuneration.

Remuneration report

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. As at 31 December 2022, the Management Board holds the following number of shares:

Management Board

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 to work, the Supervisory Board decides how the STI and the LTI are applied.

The Supervisory Board can reclaim in full, 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 2022.

Deviation and derogation from remuneration policy

Under Dutch law and the Dutch Corporate Governance Code, the Supervisory Board has the discretionary power to determine 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 Remuneration Committee did not deviate from its decision-making process in relation to the implementation of the Remuneration Policy.

Change of control

In the event of a 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).

Remuneration report

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 continuing to build a scalable and data-driven backbone to support customer relationships, enhance the customer offering, increase efficiency and create 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 aligned internally, 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, if the agreed targets have been met. Internal consistency is assured by assessing internal pay ratios to reflect the required competencies and responsibilities at each level.

Stakeholder engagement and feedback

The Remuneration programme for the Management Board focuses leadership on key areas that drive the business forward and align with the interests of the Company's stakeholders. The Remuneration Committee considers many factors when evolving the remuneration programmes, including alignment with the company's strategy, market practice and trends, and shareholder feedback.

The Remuneration Committee continued to incorporate tailored performance criteria into the remuneration programme to align with growing investor interest in both operational and CSR metrics.

In addition, the Remuneration Committee considered shareholders' feedback during the 2022 AGM in relation to the Remuneration Policy and remuneration report. This included the Supervisory Board's rationale regarding: (i) the disclosure of the company-specific STI targets, and whether the STI targets for 2022 were sufficiently ambitious and challenging; and (ii) the reappointment of the CEO in December 2021, and the award mechanics of the related one-time equity performance grant.

With regards to (i), the Supervisory Board is of the view that the Company should not disclose the precise targets as they qualify as commercially sensitive information. Given the challenging macroeconomic uncertainty, the Supervisory Board considered that the criteria met were properly weighted, and that expectations with regards to the performance of the members of the Management Board were sufficiently ambitious and challenging. On the basis of this information, the Supervisory Board concluded that performance was very high. With regards to (ii), the Supervisory Board is of the view that management continuity is important for the successful execution of BBH's strategy for growth. 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 and in the interests of full transparency, this was included in the explanatory notes to the agenda.

The implementation of the Remuneration Policy, through the Remuneration Report, was put forward for an advisory vote to the AGM (in line with article 2:135b sub 2 of DCC). At our 2022 AGM, approximately 92.1% votes cast in favor of and 7.9% against our 2021 Remuneration Report.

Both the Management Board and the Supervisory Board have a transparent relationship with BBH's works council in the Netherlands, which rendered a positive advice on the Remuneration Policy in 2020.

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.

Remuneration report

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 attendance 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 2022.

in thousand €

Supervisory Board member	2022	2021	2020	2019	2018
B.E. Karis	50	50	50	37	3
B.M.A. van Hussen	40	40	25	-	-
A. Beyens	40	40	40	30	3
M.C. Schipperheijn	40	40	25	-	-
Previous members	-	40	40	61	106
Total	170	210	180	128	112

Outlook 2023

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 4.0% in line with the market movement for employees in the Netherlands. For the 2023 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: the auditing of medium- and high-risk suppliers in line with the 'Business Social Compliance Initiative' standards by the end of 2023 (given that all our suppliers signed our Code of Conduct in 2022); and the implementation of the new OMS and POS, which should be functioning by the end of 2023.

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 2023 remuneration report. For the 2023 long-term incentive scheme, in addition to NPS, the Supervisory Board introduced a KPI related to underlying EBITDA and sustainability: 'By the end of 2025, sustainability to be integrated into the business strategy, and CSRD reporting and the auditing thereof to be in place'.

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Consolidated financial statements

Consolidated balance sheet

As at 31 December and before result appropriation

in thousand €	Notes	2022	2021
Non-current assets			
Intangible assets	1.	6,792	8,269
Property, plant and equipment	2.	6,048	3,590
Right-of-use assets	3.	43,038	49,584
Deferred tax assets	4.	144	4,456
Other non-current financial assets	5.	81	117
Total non-current assets		56,103	66,016
Current assets			
Inventories	6.	27,594	29,998
Trade receivables	7.	1,851	1,943
Income tax receivable	7.	1,035	-
Other receivables	7.	6,292	5,969
Cash and cash equivalents	8.	37,695	38,005
Total current assets		74,467	75,915
Total assets		130,570	141,931

in thousand €	Notes	2022	2021 ¹
Equity			
Issued share capital	9.	544	544
Share premium	9.	34,401	34,401
Legal reserves		786	-
Other reserves		(6,661)	(17,303)
Retained earnings		5,271	13,897
Total equity attributable to equity holders of the parent		34,341	31,539
Liabilities			
Non-current liabilities			
Lease liabilities	10.	29,819	37,002
Provisions	11.	553	350
Deferred tax liabilities	4.	-	776
		30,372	38,128
Current liabilities			
Lease liabilities	10.	15,936	15,986
Trade payables	13.	20,803	24,240
Income tax payable	13.	-	3,549
Other taxes and social security contributions	13.	10,421	10,944
Other liabilities	13.	18,697	17,545
		65,857	72,264
Total liabilities		96,229	110,392
Total equity and liabilities		130,570	141,931

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

Consolidated financial statements

Consolidated profit and loss account

For the year ended 31 December

in thousand €, unless otherwise stated	Notes	2022	2021
Continuing operations			
Revenue	14.	229,434	214,222
Materials and services from third parties		(103,035)	(96,140)
Gross profit		126,399	118,082
Other income	17.	-	896
Personnel expenses	15.	(49,532)	(43,893)
Depreciation, amortisation and impairment	18.	(20,131)	(18,390)
Other operating expenses	19.	(48,052)	(41,894)
Total operating expenses		(117,715)	(104,177)
Operating profit (EBIT)		8,684	14,801
Finance costs	20.	(882)	(527)
Profit before tax		7,802	14,274
Income tax	21.	(2,531)	(1,726)
Net profit from continuing operations		5,271	12,548
Discontinued operations			
Profit/(loss) after tax from discontinued operations		-	1,349
Net profit		5,271	13,897

Consolidated statement of comprehensive income

For the year ended 31 December

in thousand €	Notes	2022	2021
Profit for the year		5,271	13,897
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		-	(304)
Other comprehensive income for the year, net of tax		-	(304)
Total comprehensive income for the year, net of tax		5,271	13,593
Total comprehensive income/(loss) for the year, net of tax			
Continuing operations		5,271	12,244
Discontinued operations		-	1,349
Total comprehensive income for the year, net of tax		5,271	13,593
Earnings per share from all operations	22.		
Earnings per share in €		0.19	0.52
Diluted earnings per share in €		0.19	0.50
Earnings per share from continuing operations	22.		
Earnings per share in €		0.19	0.47
Diluted earnings per share in €		0.19	0.45

Consolidated financial statements

Consolidated cash flow statement

For the year ended 31 December

in thousand €

	Notes	2022	2021
Operating activities			
Profit before tax		7,802	14,274
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
- Net finance costs	20.	882	527
- Change in provisions	11.	203	-
- Income taxes		-	(702)
- Cost of share-based compensation	16.	1,609	(207)
- Depreciation and impairment of right-of-use assets	18.	14,783	13,223
- Depreciation and impairment of property, plant and equipment	18.	1,705	2,019
- Amortisation and impairment of intangible assets	18.	3,643	3,148
- Book profit on sale-and-leaseback		-	(896)
<i>Adjusted operating result for the period</i>		30,627	31,386
Working capital adjustments:			
- Decrease / (Increase) in inventories	6.	2,404	(6,190)
- Decrease / (Increase) in trade and other receivables	7.	(231)	(113)
- Increase / (Decrease) in trade and other liabilities	13.	(2,808)	6,360
<i>Change in working capital</i>		(635)	57
Guarantees		(29)	128
Income tax (paid) / received		(3,570)	(3,270)
Discontinued operations		-	(418)
Cash flow from operating activities		26,393	27,883

in thousand €

	Notes	2022	2021
Investing activities			
Capital expenditure on purchase of intangible assets	1.	(2,166)	(2,316)
Capital expenditure on purchase of PP&E	2.	(4,163)	(1,925)
Proceeds from sale and leaseback		-	3,000
Divestment of Swedish operations		-	4,240
Discontinued operations		-	(87)
Cash flow from investing activities		(6,329)	2,912
Financing activities			
Proceeds from issuance of new shares	9.	-	6,453
Repayment of equity instruments		-	(4,023)
Repayment of borrowings	12.	-	(2,285)
Dividends paid		(4,078)	-
Interest paid	20.	(437)	(373)
Payment lease liabilities	12.	(15,859)	(13,673)
Discontinued operations		-	(535)
Cash flow from financing activities		(20,374)	(14,436)
Movement in cash and cash equivalents		(310)	16,359
Net foreign exchange difference		-	19
Opening balance	8.	38,005	21,627
Closing balance		37,695	38,005

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 ²	Legal reserves ³	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 2021		-	-	-	-	-	-	-	13,897	13,897
Other components of comprehensive income 2021		-	-	-	-	(304)	-	-	-	(304)
Total comprehensive income		-	-	-	-	(304)	-	-	13,897	13,593
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	-	-
Cost of share-based compensation	16.	-	-	-	-	-	-	(207)	-	(207)
Balance at 31 December 2021		544	34,401	-	-	-	-	(17,303)	13,897	31,539
Net profit 2022		-	-	-	-	-	-	-	5,271	5,271
Other components of comprehensive income 2022		-	-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	5,271	5,271
Profit appropriation 2021		-	-	-	-	-	-	13,897	(13,897)	-
Addition to legal reserves		-	-	-	-	-	786	(786)	-	-
Dividend payment		-	-	-	-	-	-	(4,078)	-	(4,078)
Cost of share-based compensation	16.	-	-	-	-	-	-	1,609	-	1,609
Balance at 31 December 2022		544	34,401	-	-	-	786	(6,661)	5,271	34,341

1 Concerns restricted equity.

2 In the comparative figures, the release of the currency translation reserve is reclassified to other comprehensive income in both the consolidated statement of changes in equity and the consolidated statement of comprehensive income for comparison purposes. Concerns restricted equity.

3 Applies to internally developed intangible assets. 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. 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 B.V. 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 114).

The 2022 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 9 March 2023. The financial statements will be submitted for approval to the General Meeting on 10 May 2023.

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

In preparing the financial statements, management has applied going concern assumption based on its assessment of the company's ability to continue as a going concern. In making such assessment management has considered amongst higher inflation and lower consumer confidence, challenges regarding the global supply chain and in broader perspective the world economy. We expect to remain within the Group's financial covenants, with a strong cash position, while maintaining headroom under the existing credit facility.

Basis of measurement of financial statements & significant accounting policies

The consolidated financial statements have been prepared on a historical cost basis, except for 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 in accounting policies and disclosures

New standards, amendments and interpretations to existing IFRS standards became effective in 2022. 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 2023. As far as these standards, amendments and interpretations are applicable to the Group, they are expected to have no material 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 that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within 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 2021 and 2022 respectively.

	EUR/SEK	EUR/USD
Year-end exchange rates		
31-12-2021	10.2503	1.1326
31-12-2022	11.1218	1.0666
Average exchange rates		
2021	10.1479	1.1838
2022	10.6274	1.0539

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. This means 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, and 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 2022 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 %	
		2022	2021
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
European Bedding Participations B.V. ¹	Uden, The Netherlands	100	-
Nordic Bedding Company (NBC) B.V.	Uden, The Netherlands	100	100
Swedish Company Bedding 1 AB ²	Gothenburg, Sweden	-	100
Swedish Company Bedding 2 AB ³	Gothenburg, Sweden	-	100

¹ The entity was established on 6 July 2022.

² The entity went into voluntary liquidation on 30 November 2021 and was dissolved on 1 November 2022.

³ The entity went into voluntary liquidation on 30 November 2021 and was dissolved on 19 October 2022.

Use of estimates

Estimates and judgements

In preparing the financial statements, the Management Board is required to exercise judgement, and 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 (see page 127)).
 - Recognition of extension options in property lease contracts (Right-of-use assets (see page 126)).
- **Significant estimates:**
 - Assumptions used in impairment testing (Intangible Assets (see page 125), PP&E (see page 125), Right-of-use assets (see page 126)).
 - Assumptions used in share-based compensation expenses (Share-based compensation (see page 133)).
 - Estimates in the valuation of stock (Inventories (see page 128)).

Notes to the consolidated financial position

Segment reporting

IFRS 8 requires the financial statements to present segment information that is in accordance with the internal information used by the directors to assess performance and allocate resources. The Management Board of Beter Bed Holding N.V. assesses the Company's performance on a monthly basis as a whole, mainly focusing on margin developments. Based on this, decisions are taken, employees are deployed accordingly, and resources are made available.

Although several lines of business have been identified within the Group, all of these result in the sale of mattresses, bedroom furnishings (including box springs), bed bases and bed textiles.

BBH's different sales channels - such as B2C versus B2B, and online sales versus offline sales - have similar economic characteristics, for instance in terms of revenue, gross profit and inventory turnover rate. In view of the comparability of these characteristics, all lines of business are aggregated into a single reportable segment. For this reason, the Company does not have separate segments as referred to in IFRS 8. Information by geographical area is disclosed in note 14 (see page 132).

2022 events

Financing events

In August 2022, BBH increased its credit facility from € 15 million to € 30 million with Rabobank joining the current financing agreement alongside ABN AMRO Bank N.V. The increase was made to support further implementation of the strategic plan and pursue potential opportunities. The duration and interest percentages applicable regarding the credit facility were not changed. The credit facility, entered into in July 2021 and increased in August 2022, is effective until July 2024 with the possibility to extend for another two years. Under the covenants of the credit facility, Beter Bed Holding N.V. is required to meet certain performance indicators - which are tested quarterly - with regard to a total net debt to EBITDA, adjusted for exceptional items, (leverage) ratio of 2.5 and a total net worth to total adjusted assets (solvency) of 15% at inception, which is increased to 17.5% for periods ending after 30 September 2022, and will be increased to 20% for periods ending after 30 September 2023. No other credit facilities were in place on 31 December 2022. Information regarding the credit facility is disclosed in note 12 (see page 130).

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 remained under control of Beter Bed Holding N.V. and were in liquidation as of 30 November 2021, with the liquidation completed in the fourth quarter of 2022 in accordance with Swedish law. As a result, the business and the results of the Swedish entities are presented as discontinued operations in the comparative figures. However, the remaining assets and liabilities in the legal entities in Sweden still held by BBH were consolidated on 31 December 2021. Since the Swedish entities were liquidated in 2022, no financial positions related to the Swedish entities were held as at 31 December 2022.

The net result of the Swedish business activities in 2021 amounted to € 1.3 million, and is included in the consolidated profit and loss account 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 of 2021. There was a nihil tax expense related to the sale of the Swedish operations as the Company had unrecognised cumulative operating losses from the past exceeding the net result of the Swedish business activities in 2021.

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 in the comparative figures.

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 including related transaction costs, trade and other payables. Initial recognition of non-derived financial instruments is at fair value. Thereafter, these non-derived financial instruments are valued at amortised cost.

Notes to the consolidated financial position

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 trade 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 amortised cost.

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 and until 2021 the brand name *Sängjätten*. 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.

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%. For the previously owned brand name an amortisation percentage of 5% was applied. 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 should be treated as a change in the accounting estimate. Amortisation charges on intangible assets with a finite useful life are recognised in the profit and loss account.

Notes to the consolidated financial position

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

- 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; and
- 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 measured at cost, less any accumulated depreciation and accumulated impairment losses. Tangible fixed assets under construction are not depreciated.

The depreciation period is assessed at least at the end of each period under review, with the applied depreciation 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 depreciation period or method, and must be treated as a change in accounting estimate.

Depreciation, amortisation and impairment are presented together 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 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 the exemptions regarding practical expedients as mentioned in IFRS 16 'Leases' such as portfolio approach, exemption for low value leases, and exemption for short-term leases.

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 accumulated impairment losses and any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial measurement 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. The depreciation percentage depends on the remaining lifetime of the underlying contract as of adoption and is varying between 10% and 100%. 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.

Notes to the consolidated financial position

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 3.0%.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost consists of the latest purchase price less purchase discounts 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 less costs of disposal or the cash-generating unit 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.

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 and depreciation) if no impairment loss had been recognised for the asset in prior years. Any such reversal is recognised in profit or loss.

Notes to the consolidated financial position

Legal reserves

The legal reserve represents the amount to be held against the intangible assets. The reserve is not free at disposal to shareholders.

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.

Warranty provision

The warranty provision is for claims made by customers under agreed warranties. The term during which a customer can exercise this right varies between products. The measurement is determined based on estimated costs that are expected to ensue from current warranty obligations as at the balance sheet date.

Jubilee provision

Based on the collective labour agreement, a provision for jubilee benefits for employees is recognised. The provision has been determined based on historical data available on retention of employees.

The Company's liability under other long-term employee benefits (the 12.5-year, 25-year and 40-year employment anniversaries) concerns the amount of entitlements accrued by employees in exchange for their services over the reporting period and preceding periods. These entitlements are discounted against a 2.95% (2021: 2%) discount rate to determine the present value. Revaluations are incorporated into the profit/loss for the period in which they occur.

Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

This pension scheme is a collective defined contribution (multi-employer) plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to make further contributions when the fund would not have sufficient assets to cover all employee benefits relating to employee service in the current and prior periods. 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 (Pensioenfond Detailhandel). The provision of the Dutch Pension Act applies to this pension scheme and premiums are paid on a compulsory or contractual basis. Pensioenfond Detailhandel uses January salary as a pensionable salary basis. Pensioenfond 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 Pensioenfond Detailhandel was 117.3% at the end of 2022 (2021: 119.2%).

Notes to the consolidated financial position

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.

Deferred tax liabilities are formed 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. 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.

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.

Notes to the consolidated financial position

Depreciation, amortisation and impairment

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.

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

Significant accounting policies to the cash flow statement

The cash flow statement is prepared using the indirect method.

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 (2021: €0.3 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 (2021: €0.1 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 2022 or 1 January 2022 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.

Notes to the consolidated financial position

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.

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 which was increased to € 30 million in August 2022. For more information on the main conditions and the securities provided related to the credit facility at year-end, reference is made to note 12, 'Borrowings' (see page 130).

Daily management of the cash positions and the banks' headroom is part of the standard checks and balances of the Group and is continuously monitored.

Notes to the consolidated financial position

Fair value of financial instruments

All categories in scope of IFRS 9 are measured at amortised cost. The following table provides insight into the recognition of the respective financial instruments per IFRS 9 category:

in thousand € 2022	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	81	-	81	-	81
Trade receivables	1,851	-	1,874	(23)	1,851
Other receivables	6,292	1,976	4,316	-	4,316
Cash and cash equivalents	37,695	-	37,695	-	37,695
Trade payables	20,803	-	20,803	-	20,803
Other liabilities	18,697	11,036	7,661	-	7,661

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

in thousand € 2021	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	117	-	117	-	117
Trade receivables	1,943	-	2,004	(61)	1,943
Other receivables	5,969	1,927	4,042	-	4,042
Cash and cash equivalents	38,005	-	38,005	-	38,005
Trade payables	24,240	-	24,240	-	24,240
Other liabilities	17,545	11,290	6,255	-	6,255

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	18,123	1,644	19,767
Accumulated amortisation and impairment	(9,006)	(370)	(9,376)
At 1 January 2021	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 and impairment	(12,099)	-	(12,099)
At 31 December 2021	8,269	-	8,269
Additions	2,166	-	2,166
Disposals	(4,599)	-	(4,599)
Accumulated amortisation disposals	4,599	-	4,599
Amortisation charges	(3,643)	-	(3,643)
Movement 2022	(1,477)	-	(1,477)
Cost	17,935	-	17,935
Accumulated amortisation and impairment	(11,143)	-	(11,143)
At 31 December 2022	6,792	-	6,792

In the purchased software, an amount of € 0.7 million is included, which is related to assets under construction (2021: € 1.0 million). A total of € 0.8 million (2021: nil) of internally generated software is included in the category software.

2 Property, plant and equipment

in thousand €	Land	Buildings	Other fixed operating assets	Total
Cost	915	2,012	27,974	30,901
Accumulated depreciation and impairment	-	(1,572)	(23,817)	(25,389)
At 1 January 2021	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	-	-	28,032	28,032
Accumulated depreciation and impairment	-	-	(24,442)	(24,442)
At 31 December 2021	-	-	3,590	3,590
Additions	-	-	4,163	4,163
Disposals	-	-	(3,783)	(3,783)
Accumulated depreciation disposals	-	-	3,783	3,783
Depreciation charges	-	-	(1,705)	(1,705)
Movement 2022	-	-	2,458	2,458
Cost	-	-	28,412	28,412
Accumulated depreciation	-	-	(22,364)	(22,364)
At 31 December 2022	-	-	6,048	6,048

The other fixed operating assets include, among others, equipment, furniture and leasehold improvements. In the purchased other fixed operating assets, an amount of € 1.1 million is included, which is related to assets under construction (2021: € 0.4 million).

Notes to the consolidated financial position

3 Right-of-use assets

in thousand €

	Right-of- use assets: Property	Right-of- use assets: Fleet	Total
At 1 January 2021	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
At 31 December 2021	44,484	5,100	49,584
Additions	117	1,034	1,151
Modifications	6,829	201	7,030
Depreciation charges	(12,853)	(1,930)	(14,783)
Transfer to other non-current financial assets	56	-	56
Movement 2022	(5,851)	(695)	(6,546)
At 31 December 2022	38,633	4,405	43,038

No impairments were recognised in 2022 and 2021. Please see note 10 for the respective lease liability amounts related to the right-of-use assets (see page 130).

Leases

The total cash outflow for leases relating to continuing operations in 2022 was € 15.9 million (2021: € 13.7 million).

Lease amounts recognised in the statement of profit or loss

in thousand €	2022	2021
Depreciation charge of right-of-use assets		
Property lease	12,853	11,419
Fleet lease	1,930	1,804
Total depreciation charges	14,783	13,223
Interest expense (included in finance cost)	445	459
Total amount recognised in the statement of profit or loss	15,228	13,682

Expenses resulting from short-term leases, low-value assets and/or variable lease payments are not included in the aforementioned lease amounts as they were not significant.

Notes to the consolidated financial position

4 Deferred tax balances

in thousand €	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
The balance comprises temporary differences attributable to:						
- Tax credits	-	3,500	-	-	-	3,500
- Valuation due to lease accounting (IFRS 16)	667	830	-	-	667	830
- Valuation of property, plant and equipment	158	126	-	-	158	126
- Valuation of inventories	-	-	(681)	(776)	(681)	(776)
Total assets / (liabilities)	825	4,456	(681)	(776)	144	3,680

Deferred tax assets and liabilities relate to temporary tax differences regarding lease accounting, valuation of tangible assets, and valuation of inventories. The vast majority of the deferred tax assets and liabilities will be recovered after more than one year.

Movement in deferred tax balances

The movement in deferred tax assets and liabilities during the year is as follows:

in thousand €	Tax credits	Leases	PP&E	Inventories	Total
At 1 January 2021	-	715	253	(598)	370
(Charged)/credited					
- to profit or loss	3,605	90	(131)	(154)	3,410
- transferred from valuation of (in)tangible assets	(105)	-	-	-	(105)
- change in applied tax rate	-	25	4	(24)	5
At 31 December 2021	3,500	830	126	(776)	3,680
(Charged)/credited					
- to profit or loss	84	(163)	32	95	48
- to current income tax	(3,584)	-	-	-	(3,584)
At 31 December 2022	-	667	158	(681)	144

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 to which tax profits are expected in the coming years.

The liquidation of the Swedish legal entities was completed in 2022 and the tax credit of € 3.5 million, that was recognised at year-end 2021 in relation to the anticipated liquidation of the Swedish legal entities, is fully utilised in financial year 2022.

An amount of € 8.2 million (2021: € 7.6 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 information currently available. All tax losses have an indefinite term for carry-forward.

Notes to the consolidated financial position

5 Other non-current financial assets

Other non-current financial assets are composed as follows:

in thousand €	2022	2021
Sublease receivables	56	117
Guarantees	25	-
Balance at 31 December	81	117

The sublease receivables relate to stores that are partly subleased to third parties.

The measured amounts at amortised cost equal the carrying amounts at year-end 2022 and 2021.

6 Inventories

in thousand €	2022	2021
Distribution centres	14,269	16,893
Retail stores	13,325	13,105
Balance at 31 December	27,594	29,998

As a result of the write-down of inventories, among others related to, damaged products, write-down of inventories to their net realisable value, and donated products, Beter Bed Holding N.V. recognised a cost of € 2.5 million (2021: € 1.7 million). These costs are included in the cost of materials and services of third parties. The net inventories include a provision for obsolescence of € 0.4 million (2021: € 0.2 million).

7 Receivables

Trade receivables

in thousand €	2022	2021
Trade receivables	1,874	2,004
Allowance for expected credit losses	(23)	(61)
Balance at 31 December	1,851	1,943

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

in thousand €	2022	2021
Balance at 1 January	(61)	(55)
Write-offs against provision	26	46
Additions	-	(52)
Release	12	-
Balance at 31 December	(23)	(61)

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 122).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among 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. considered any change in the risk profile of our debtors as a result of macroeconomic circumstances.

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

Notes to the consolidated financial position

Income tax receivable

The income tax receivable as at 31 December 2022 relates to the 2022 fiscal result and realisation of deferred tax assets. The income tax position is with the Dutch tax authorities.

Other receivables

in thousand €	2022	2021
Credit invoices to be received	4,263	3,996
Prepayments	1,380	1,513
Other receivables	649	460
Balance at 31 December	6,292	5,969

The credit invoices to be received consist of purchase bonuses to be received from suppliers. The other receivables are predominantly expected to be realised within one year.

8 Cash and cash equivalents

in thousand €	2022	2021
Bank balances	35,483	37,067
Bank in transit	1,818	756
Cash	394	182
Balance at 31 December	37,695	38,005

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

The bank in transit amount includes € 1.7 million (2021: € 0.8 million) of cash receipt subsequent to balance sheet date from our payment service provider.

9 Equity

Issued share capital and share premium

	2022 Number	2021 Number	2022 €'000	2021 €'000
Issued share capital and share premium				
Ordinary shares:				
- Fully paid and share premium	27,186,564	26,240,397	34,945	28,492
- Issued for cash	-	946,167	-	6,453
Total as at 31 December	27,186,564	27,186,564	34,945	34,945

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 2022, a total of 27,186,564 ordinary shares were issued and outstanding.

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

In 2022, no shares (2021: none) were repurchased neither were cancelled.

Notes to the consolidated financial position

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 for new contracts and extensions during 2022 was 0.94% (2021: 0.35%).

Amounts recognised in the balance sheet

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

in thousand €	2022	2021
Right-of-use assets		
Property lease	38,633	44,484
Fleet lease	4,405	5,100
At 31 December	43,038	49,584
Lease liabilities		
Non-current	29,819	37,002
Current	15,936	15,986
At 31 December	45,755	52,988

The total interest expense on lease liabilities in 2022 was € 0.4 million (2021: € 0.5 million).

The average term of the lease liabilities is approximately 3 to 5 years, of which the first year is represented under the current lease liabilities. The remaining part is presented as non-current lease liabilities. An amount of € 2.0 million is expected to be paid in more than 5 years. On average the lease payments to be paid after the balance sheet date amount to approximately € 15.9 million per year.

11 Provisions

in thousand €	Warranty		Jubilee		Total	
	2022	2021	2022	2021	2022	2021
Balance at 1 January	116	-	234	-	350	-
Utilisation	(116)	-	(47)	-	(163)	-
Additions	320	-	46	-	366	-
Reclass from other liabilities	-	116	-	234	-	350
Balance at 31 December	320	116	233	234	553	350

The provisions relate to warranty obligations to customers and to expected benefits payable to current employees. These were presented in the other liabilities up to 31 December 2021 and not presented separately due to its amount in relation to the total financial position. The warranty provision predominantly has a short-term nature.

12 Borrowings

Credit facility

In August 2022, BBH increased its credit facility from € 15 million to € 30 million, with Rabobank joining the current financing agreement alongside ABN AMRO Bank N.V. This increase was made to support further implementation of the strategic plan and pursue potential opportunities. The duration and interest percentages applicable regarding the credit facility were not changed. The credit facility, entered into in July 2021 and increased in August 2022, is effective until July 2024 with the possibility to extend for another two years.

The facility is also used for providing bank guarantees, amounting to € 0.9 million as at 31 December 2022 (€ 0.7 million as at 31 December 2021).

Under the covenants of the credit facility, Beter Bed Holding N.V. is required to meet certain performance indicators - which are tested quarterly - with regard to a total net debt to EBITDA, adjusted for exceptional items, (leverage) ratio of 2.5 and a total net worth to total adjusted assets (solvency) of 15% at inception, which is increased to 17.5% for periods ending after 30 September 2022, and will be

Notes to the consolidated financial position

increased to 20% for periods ending after 30 September 2023. No other credit facilities were in place on 31 December 2022.

Total net worth is defined as equity minus any subordinated loans from third parties or shareholders of the Company. 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%.

At balance sheet date, no amounts were drawn under the credit facility. A commitment fee of 35% of the applicable interest rate over the undrawn credit facility is paid to the lenders and recognised as interest expense.

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. Under the credit facility, Beter Bed Holding N.V. has provided pledges to the lenders on its receivables, intellectual property, trade securities, and inventory.

Changes in liabilities arising from financing activities

in thousand €	Liabilities from financing activities		
	Borrowings	Leases	Total
Financial liabilities at 1 January 2021	(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)
Repayment of borrowings	-	-	-
Additions	-	(8,181)	(8,181)
Payment lease liabilities	-	15,859	15,859
Discounting impact of recognised lease liabilities	-	(445)	(445)
Financial liabilities at 31 December 2022	-	(45,755)	(45,755)

13 Trade payables, taxes and other liabilities

Trade payables are unsecured and are usually paid within 30 days of recognition.

The income tax payable as at 31 December 2021 relates to the 2021 fiscal result. The income tax position fully related to 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 € 1.2 million (2021: € 1.1 million) payable to the Retail Industrial Pension Fund.

The Company had no other contingent liabilities or commitments as at 31 December 2022, except for trade purchase commitments of € 7.3 million (2021: € 6.5 million).

Other liabilities

Other liabilities are composed as follows:

in thousand €	2022	2021
Prepayments from customers	9,045	9,469
Employee benefits accrual	4,857	3,791
Other liabilities	4,795	4,285
At 31 December	18,697	17,545

The prepayments from customers, reflecting the entity's obligation to transfer goods or services to customers subsequent to balance sheet date, are usually settled between four to eight weeks and fall due, as well as the rest of the other liabilities, within one year. The other liabilities include, among others, invoices to be received for goods or services already received per balance sheet date. The carrying amounts of other liabilities are considered to be the same as their fair values, due to their short-term nature.

Notes to the consolidated income statement

14 Information by geographical area

Revenue by country, in thousand €	2022	%	2021	%
The Netherlands	213,189	92.9	198,535	92.7
Belgium	16,245	7.1	15,687	7.3
Total	229,434	100.0	214,222	100.0

Total assets by country, in thousand € ¹	2022	%	2021	%
The Netherlands	48,079	92.5	57,297	93.3
Belgium	3,916	7.5	4,146	6.7
Total	51,995	100.0	61,443	100.0

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

15 Personnel expenses

in thousand €	2022	2021
Wages and salaries	33,850	31,355
Social security costs	6,168	5,700
Pension costs	3,377	3,182
External staffing	4,528	3,245
Share-based compensation	1,609	411
Total	49,532	43,893

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

Full-Time Equivalent (FTE) at year-end

FTE	2022	2021
The Netherlands	871	895
Belgium	40	42
Total	911	937

Notes to the consolidated income statement

16 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 2022 statement of income for both programmes amounted to € 1.6 million (2021: € 0.4 million), and are included in personnel expenses. 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. At year-end 2022, there were 15 participants of the PSU plan (2021: 14).

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. On an annual basis, members of the Management Board 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.

Every year the Supervisory Board sets performance conditions, that reflect the intended long-term value creation and targets for the required performance levels when granting shares. 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. The fair value of the PSUs is based on the share price on grant date.

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, the first tranche of the 2021 one-time performance grant, and the 2022 Management Board PSUs.

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

Year of grant	Outstanding at 31-12-2021	Granted ¹	Applicable performance conditions and dividend equivalents	Vested	Forfeited/ expired	Outstanding at 31-12-2022 ²	Vesting date	End of holding period ³
2020 Management Board	232,248	-	110,134	-	-	342,382	31-12-22 ⁴	31-12-24
2020 Management	20,334	-	2,376	-	(5,333)	17,377	31-12-22 ⁴	-
2021 Management Board	72,332	-	-	-	-	72,332	31-12-23	31-12-25
2021 Management	32,334	-	-	-	(5,333)	27,001	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	-
2022 Management Board	-	78,552	-	-	-	78,552	31-12-24	31-12-26
2022 Management	-	44,500	-	-	-	44,500	31-12-24	-

¹ At target performance level.

² All PSUs outstanding with a vesting date in the immediate future have € 0.15 dividend (equivalent) accrued.

³ The management PSUs and tranche 2 of the one-time performance grant are not subject to a two-year holding period.

⁴ The performance period ended on 31 December 2022. In January 2023 the Remuneration Committee concluded that the applicable performance conditions were met. Therefore, these PSUs, including its dividend equivalents, vested in January 2023.

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. At year-end 2022, there were 6 participants of the option programme (2021: 7).

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. 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.

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 CEO and 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 comparable nationally and internationally listed companies that jointly form a peer group. The Company ranked five out of nine and, as a result, these options are vested at the 75% threshold.

The table below 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. BBH'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 Management Board members and management options.

Year of grant	Outstanding at 31-12-2021	Granted	Exercised	Forfeited/expired	Outstanding at 31-12-2022	Exercisable at 31-12-2022	Exercise price (€)	Vesting date	Expiry date
2019 Management options	45,000	-	-	(18,750)	26,250	26,250	4.34	24-04-22	24-04-24
2019 Options (CEO)	50,000	-	-	(12,500)	37,500	37,500	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

17 Other income

Other income was nil in 2022 (2021: € 0.9 million). The 2021 other income represents the realised gain on the sale-and-leaseback transactions related to the stores and land in Uden, Elst and Den Helder.

18 Depreciation, amortisation and impairment

in thousand €	2022	2021
Depreciation charges right-of-use assets	14,783	13,223
Depreciation and impairment charges property, plant and equipment	1,705	2,019
Amortisation and impairment charges intangible assets	3,643	3,148
Total	20,131	18,390

19 Other operating expenses

The other operating expenses are comprised as follows:

in thousand €	2022	2021
Housing expenses	4,668	4,020
Sales and marketing expenses	20,478	18,210
Warehouse and logistic expenses	8,867	8,273
General expenses	10,365	8,700
Other personnel expenses	3,023	2,225
Other costs	651	466
Total	48,052	41,894

20 Finance costs

in thousand €	2022	2021
Finance costs	437	372
Interest expenses on recognised lease liabilities	445	459
Realisation of currency translation reserve	-	(304)
Total	882	527

Finance costs relate to commitment fees paid over the credit facility, negative interest and amortised costs.

Notes to the consolidated income statement

21 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 €	2022	%	2021	%
Profit before tax from continuing operations	7,802	100.0	14,274	100.0
Tax using the Company's domestic tax rate: 25.8% (2021: 25.0%)	2,013	25.8	3,569	25.0
Step-up rate the Netherlands	(43)	(0.5)	(37)	(0.3)
Non-deductible expenses	449	5.8	19	0.1
Unrecognised operating losses	139	1.8	-	-
Sweden recoverable tax	(84)	(1.1)	(3,500)	(24.5)
Previously recognised deferred taxes related to Swedish NOL's not realisable	-	-	913	6.4
Adjustment profit tax previous years	21	0.3	710	5.0
Other changes in deferred taxes	36	0.5	52	0.4
At an effective tax rate of 32.4% (2021: 12.1%)	2,531	32.4	1,726	12.1

The effective tax rate in the 2022 profit and loss account is 32.4% (2021: 12.1%). In 2022, the effective tax rate was mainly impacted by non-deductible share-based compensation expenses that result in a permanent difference. 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 €	2022	2021
Current tax expenses		
Current tax on fiscal profits for the year	2,558	3,551
Adjustment of current tax of previous periods	21	710
Realisation deferred tax assets	(3,584)	-
Total current tax expense/(benefit)	(1,005)	4,261
Deferred income tax		
Decrease/(increase) in deferred tax assets	3,631	(2,441)
Increase/(decrease) in deferred tax liabilities	(95)	(89)
Tax rate adjustment in deferred positions	-	(5)
Total deferred tax expense/(income)	3,536	(2,535)
Income tax expense	2,531	1,726

Notes to the consolidated income statement

22 Earnings per share

in €	2022	2021
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	0.19	0.47
From discontinued operations	-	0.05
Total basic earnings per share attributable to the ordinary equity holders of the Company	0.19	0.52
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	0.19	0.45
From discontinued operations	-	0.05
Total diluted earnings per share attributable to the ordinary equity holders of the Company	0.19	0.50

Reconciliation of earnings used in calculating earnings per share

in thousand €	2022	2021
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	5,271	12,548
- From discontinued operations	-	1,349
Total result used in calculating basic earnings per share	5,271	13,897

Weighted average number of shares used as the denominator

Number	2022	2021
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	27,186,564	26,660,340
Adjustments for calculation of diluted earnings per share: ¹		
- Stock options	41,343	195,000
- PSUs	1,062,666	837,770
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	28,290,573	27,693,110

1. Based upon closing price of BBH stock as at 31 December 2022 and as at 31 December 2021.

Notes to the consolidated income statement

23 Remuneration of the Management 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 2022 and 2021 were as follows:

in thousand €	A.J.G.P.M. Kruijssen		G.E.A. Reijnen		Total	
	2022	2021	2022	2021	2022	2021
Salary	493	472	313	300	806	772
Other employee benefits	87	79	81	94	168	173
Post-employment benefits	148	142	78	75	226	217
Variable remuneration	1,592	600	438	318	2,030	918
Total	2,320	1,293	910	787	3,230	2,080

The costs listed under variable remuneration relate to the year in which the costs are classified, and is recognised in the expenses of that year. The variable remuneration includes share-based compensation costs of € 1.2 million (2021: € 0.2 million) for A.J.G.P.M. Kruijssen and € 0.2 million (2021: € 0.2 million) for G.E.A. Reijnen.

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 2022 and 2021 was as follows:

in thousand €	2022	2021
B.E. Karis	50	50
B.M.A. van Hussen	40	40
A. Beyens	40	40
M.C. Schipperheijn	40	40
P.C. Boone ¹	-	40
Total	170	210

¹ Stepped down as Supervisory Board member on 31 December 2021.

The members of the Supervisory Board hold no shares nor 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 thereof, are explained in this report in accordance with the Code's 'comply or explain' principle.

24 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

25 Related party transactions

The companies listed in principles of consolidation (see page 114) 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 in relation to financial year 2022, with the exception of European Bedding Participations 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 declaration of joint and several liability for Nordic Bedding Company (NBC) B.V., for the obligations arising from legal transactions entered into by this entity, was withdrawn by Beter Bed Holding N.V. on 25 January 2023.

The financial relationships between Beter Bed Holding N.V. and its participating interests consist almost exclusively of fundings through the issuance of new shares, interest on loans provided, and the repayment of the perpetual shareholder loan. Besides this, and as per stated in the table below, there were no transactions in 2022 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 €	2022	2021
Management Board employee benefits	3,230	2,080
Total	3,230	2,080

Key management personnel compensation relates to the Management Board. Detailed remuneration disclosures are provided in note 23 (see page 138). In 2022, there were no other relevant transactions with key management personnel.

Transactions with other related parties

in thousand €	2022	2021
Interest on equity instruments	-	209
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	2022	2021 ¹
Non-current assets			
Intangible assets		187	202
Financial assets	26.	18,594	22,699
Total non-current assets		18,781	22,901
Current assets			
Other receivables	27.	2,228	1,130
Cash and cash equivalents	28.	34,722	35,921
Total current assets		36,950	37,051
Total assets		55,731	59,952

in thousand €	Notes	2022	2021 ¹
Equity			
Issued share capital		544	544
Share premium		34,401	34,401
Legal reserves		786	-
Other reserves		(6,661)	(17,303)
Result of the year		5,271	13,897
Total equity	29.	34,341	31,539
Liabilities			
Current liabilities			
Other liabilities	30.	21,390	28,413
		21,390	28,413
Total liabilities		21,390	28,413
Total equity and liabilities		55,731	59,952

¹ In the comparative figures, € 311k has been reclassified from financial assets to other liabilities for comparison purposes.

Company financial statements

Company profit and loss account

For the year ended 31 December

in thousand €	2022	2021
Intercompany recharges	241	210
Personnel expenses	(3,963)	(2,876)
Depreciation, amortisation and impairment	(69)	(74)
Other operating expenses	(1,755)	(1,923)
Total operating expenses	(5,787)	(4,873)
Finance income	33	333
Finance costs	(426)	(331)
Loss before taxation	(5,939)	(4,661)
Income tax	32. 1,153	3,897
Result participations	10,057	14,661
Net profit	5,271	13,897

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. 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; second, 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 third, then a provision is formed.

Receivables or payables from group companies are initially stated at fair value and subsequently at amortised cost, using the effective interest rate, less impairments. Each subsidiary is considered as a combination of assets and liabilities rather than an indivisible asset, and therefore expected credit losses are eliminated.

Beter Bed Holding N.V. had an average number of 8 employees (FTE) in 2022 (2021: 8).

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

Notes to the company financial statements

26 Financial assets

This item includes the participating interests in the Group companies (see page 114) 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 2021	66,150	500	-	66,650
Net income from subsidiaries: profit/(loss)	14,661	-	-	14,661
Dividend distribution	(62,300)	-	-	(62,300)
Offset to subsidiaries with negative equity value	(278)	-	-	(278)
Exchange rate differences	66	-	-	66
Issuing of loan	-	400	-	400
Recognition of deferred tax assets	-	-	3,500	3,500
Balance at 31 December 2021	18,299	900	3,500	22,699
Net income from subsidiaries: profit/(loss)	10,057	-	-	10,057
Dividend distribution	(10,300)	-	-	(10,300)
Offset to subsidiaries with negative equity value	538	-	-	538
Repayment of loan	-	(900)	-	(900)
Recognition of deferred tax assets	-	-	84	84
Transfer to current income taxes	-	-	(3,584)	(3,584)
Balance at 31 December 2022	18,594	-	-	18,594

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 as at 31 December 2021. This facility was, upon the completion of the dissolution of the Swedish legal entities, completely repaid in November 2022. The interest rate of this loan was six months EURIBOR increased by a spread of 3.75%. No securities were put in place.

27 Other receivables

in thousand €	2022	2021
Receivables from group companies	722	637
Corporate income taxes	1,035	-
VAT receivables	59	-
Other receivables	412	493
At 31 December	2,228	1,130

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.

28 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.

Notes to the company financial statements

29 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 2022, a total of 27,186,564 ordinary shares were issued and outstanding (31 December 2021: 27,186,564).

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

In 2022, no shares (2021: none) were repurchased neither were cancelled.

The movement in the equity items is explained in the consolidated statement of changes in equity (see page 112). The equity position in the company financial statements does not differ from its consolidated position.

in thousand €	2022	2021
Shareholders' equity at year-end	34,341	31,539
<i>Restricted reserves:</i>		
Issued share capital	(544)	(544)
Legal reserves	(786)	-
Total unrestricted reserves at 31 December	33,011	30,995

30 Other liabilities

The breakdown of this balance sheet item is as follows:

in thousand €	2022	2021
Payables to group companies	19,571	22,719
Corporate income taxes	-	3,549
Taxes and social security contributions	82	260
Other liabilities	1,737	1,885
At 31 December	21,390	28,413

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.

31 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 European Bedding Participations 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 declaration of joint and several liability for Nordic Bedding Company (NBC) B.V., for the obligations arising from legal transactions entered into by this entity, was withdrawn by Beter Bed Holding N.V. on 25 January 2023.

Notes to the company financial statements

32 Income Taxes

The effective tax rate in the 2022 profit and loss account is 19.4% (2021: 83.6%). In 2022, the effective tax rate was mainly impacted by non-deductible share-based compensation expenses that result in a permanent difference. In 2021, the effective tax rate was mainly impacted by the tax credit recognised in relation to the divestment of the Swedish operations.

33 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 24 (see page 138).

34 Audit fees

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

	EY Accountants LLP 2022	Other EY network firms 2022	Total EY 2022	Total PwC 2021
<i>in thousand €</i>				
Audit of financial statements	265	-	265	285
- Continuing operations	265	-	265	240
- Discontinued operations	-	-	-	45
Audit-related fees	-	-	-	1
- Continuing operations	-	-	-	-
- Discontinued operations	-	-	-	1
Tax advisory services	-	-	-	-
Other non-audit services	-	-	-	-
Total	265	-	265	286

35 Appropriation of result

The Management Board proposes to distribute a dividend of €0.15 per share (2021: €0.15) resulting in a total dividend distribution of €4.1 million (2021: €4.1 million) and add €1.2 million (2021: €9.8 million) to the other reserves.

<i>in thousand €</i>	2022	2021
Profit for the year	5,271	13,897
Addition to reserves ¹	(1,193)	(9,819)
Available for payment	4,078	4,078

¹ Based on the number of outstanding shares as at 31 December 2022 and as at 31 December 2021.

The proposal for the appropriation of result has not been included in the balance sheet.

Uden, the Netherlands, 9 March 2023

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

Simmons



Independent auditor's report

To: the shareholders and Supervisory Board of Beter Bed Holding N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 December 2022 of Beter Bed Holding N.V. based in Uden.

The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2022 and of its result and its cash flows for 2022 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 accompanying company financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2022
- the following statements for 2022: the consolidated profit and loss account, the consolidated statements of comprehensive income and changes in equity and the consolidated cash flow statement
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2022
- the company profit and loss account for 2022
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Beter Bed Holding N.V. in accordance with the EU 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 assurance-opdrachten” (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).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Beter Bed Holding N.V. is a retail and wholesale company in the bed and mattress industry, serving both distributors and end customers. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

Initial audit engagements involve considerations in addition to those applied in recurring audits. During initial audit engagements we need to gain sufficient knowledge about the company, its business, control environment and application of accounting principles in order to perform our initial audit risk assessment and planning of audit activities.

Independent auditor's report

A transition plan, including independence clearance, was prepared prior to the start of the audit. We started our transitional procedures to gain an understanding of Beter Bed Holding N.V. and its business including its control environment and accounting policies. We have been in close contact with the predecessor auditor and have performed reviews on their audit files. During 2022 we have had regular meetings with management, and assessed key audit matters at an early stage.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 2,000,000
Benchmark applied	0.9 % of revenues
Explanation	Revenue is the most important benchmark as it is driving the company's growth strategy. It is also the most prominently key financial figure mentioned in the communication to shareholders.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 100,000 (reclassification misstatements in excess of € 1,000,000), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Beter Bed Holding N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

The processes of Beter Bed Holding N.V. are highly centralized and all transactions are initiated, recorded, processed and reported on central level. We have applied a centralized audit approach and all audit procedures are performed by the same team.

In total, the entities taken into full and specific scope represent 100% of the group's total assets, 91% of net profit and 100% of revenues.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed client in the retail- and wholesale industry. We included specialists in the areas of IT audit, forensics, sustainability, income tax, valuations and corporate governance.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO₂ reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO₂ footprint.

Management summarised Beter Bed Holding N.V.'s commitments and obligations, and reported in the 'sustainable strategy' and 'EU Taxonomy' sections of the management report how the company is addressing climate-related and environmental risks.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company's commitments and (constructive) obligations, could potential impact the financial position, including underlying estimates and significant assumptions. The potential impact is not considered (part of) a key audit matter. We read the management report and considered whether there is any material inconsistency between the non-financial information in the 'Sustainability strategy' and 'EU taxonomy' sections and the financial statements.

Independent auditor's report

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. 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 override of internal control.

Our audit response related to 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 company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

We refer to the 'Risk management' section of the management report for management's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

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 to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in the 'Use of estimates' section of the

financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We considered among others the company's revenue targets and their realization. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

The following fraud risks identified did require significant attention during our audit.

Risk of fraud in revenue recognition	
Fraud risk	We presumed that there are risks of fraud in revenue recognition. We evaluated that there is a risk for management override resulting in inappropriate cut-off of revenues as a result of pressure and incentives to meet revenue targets included in management incentive plans as well as in the growth strategy made public. These revenues are disclosed in note 14 to the financial statements
Our audit approach	We describe the audit procedures responsive to the risk of fraud in revenue recognition in the description of our audit approach for the key audit matter 'Management override by applying inappropriate cut-off for revenues per year-end'.

We considered available information and made enquiries of relevant executives, directors, legal, human resources and the Supervisory Board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Management Board, reading minutes, inspection of internal audit reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

Independent auditor's report

We also inspected lawyers' letters and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section 'Going concern' in the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional scepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

Based on our procedures performed, we did not identify material uncertainties about 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. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with the key audit matters reported by the predecessor auditor in previous year, key audit matters did not change.

Management override by applying inappropriate cut-off for revenues per year-end (Note 14)

Risk	<p>Revenue is an important key measure used to evaluate the performance of the group by various stakeholders. In 2020, Beter Bed Holding N.V. introduced the growth strategy 'Strategy 2025' with revenue being the key driver of the expected growth. In addition, incentive plans are in place that contain specific revenue (related) targets, impacting the remuneration of management made public. These factors could lead to pressure and incentives to overstate revenues.</p> <p>For revenue recognition it is important that the revenue is recognised upon the transfer of control over the goods. 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, the sales are recognised at the moment the transfer has led to a physical delivery of the goods. There is a risk that for transactions near year-end the control of the goods is not yet transferred to the customer. In addition, revenue recognition may be impacted by subsequent returns of goods to the company. Management is in a position to influence the recorded year-end revenue-related adjustments.</p> <p>As a result, we identified the risk for management override resulting in applying inappropriate cut-off for revenues per year-end as a key audit matter.</p>
Our audit approach	<p>We obtained an understanding of the revenue agreements and, with the use of data analytics, analysed the journal entry data of the revenue and receivable process for 2022. We performed a walkthrough to confirm our understanding of the process, including the procedures performed by the company to address the risk of inappropriate revenue cut-off and processing of manual journal entries.</p> <p>We paid attention to whether deficiencies in the process may create additional opportunities for fraud and incorporated respective procedures in our audit approach.</p> <p>We also performed substantive audit procedures on revenue transactions by performing analytical procedures per sales channel and analysing the transactional data for 2022 (including analysing trends and booking patterns to identify transactions outside the normal course of business). Also, for a sample of customer payments collected throughout the year, we vouched the bank statement including the customer payment to the underlying invoice, evidencing the occurrence and correct measurement of the revenue transaction.</p> <p>We performed the following specific audit procedures as a result of the identified fraud risk for cut-off of revenues recorded near year-end:</p> <ul style="list-style-type: none"> • We reviewed transactions near year-end and determined whether revenues are recognised in the correct period by performing analytical procedures, including trend and source analyses. • We performed cut-off procedures over the revenues recorded in the last 5 working days of the financial year, in which we for a sample vouched the underlying invoice and delivery support. • We evaluated the nature of manual journal entries which impact revenue with a low threshold, and obtained detailed explanations and support where deemed necessary. • Using data analytics, we performed a correlation analysis between revenue, accounts receivable, and cash and obtained detailed explanations and support for transactions outside the expected recording patterns. • We reviewed samples of credit invoices sent, as well as payments made to end-customers in 2023, in order to determine whether revenue in 2022 should be reversed.
Key observations	<p>We have evaluated the appropriate cut-off of revenues recognised as per year-end of 2022. We concur with the revenue accounting policy as disclosed in section 'Significant accounting policies relating to the profit or loss account' as well as the accurateness and completeness of the disclosed revenues in note 14 of the annual report.</p>

Independent auditor's report

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon, including:

- 'BBH at a glance' section (including key figures, CEO's statement, mission, trend, profile and operations)
- the management report
- the report of the Supervisory Board
- 'other information' section (including the GRI table).

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management 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 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Supervisory Board as auditor of Beter Bed Holding N.V. on 11 May 2022, as of the audit for the year 2022 and have operated as statutory auditor since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

Beter Bed Holding N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the 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.

Management 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 whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Independent auditor's report

Our examination 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 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-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management 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. Furthermore, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and 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 these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- 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 management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report

Communication

We communicate with the audit committee of the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit 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 safeguards.

From the matters communicated with the audit committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters 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.

Rotterdam, 9 March 2023

Ernst & Young Accountants LLP

I.H.G. Hengefeld

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

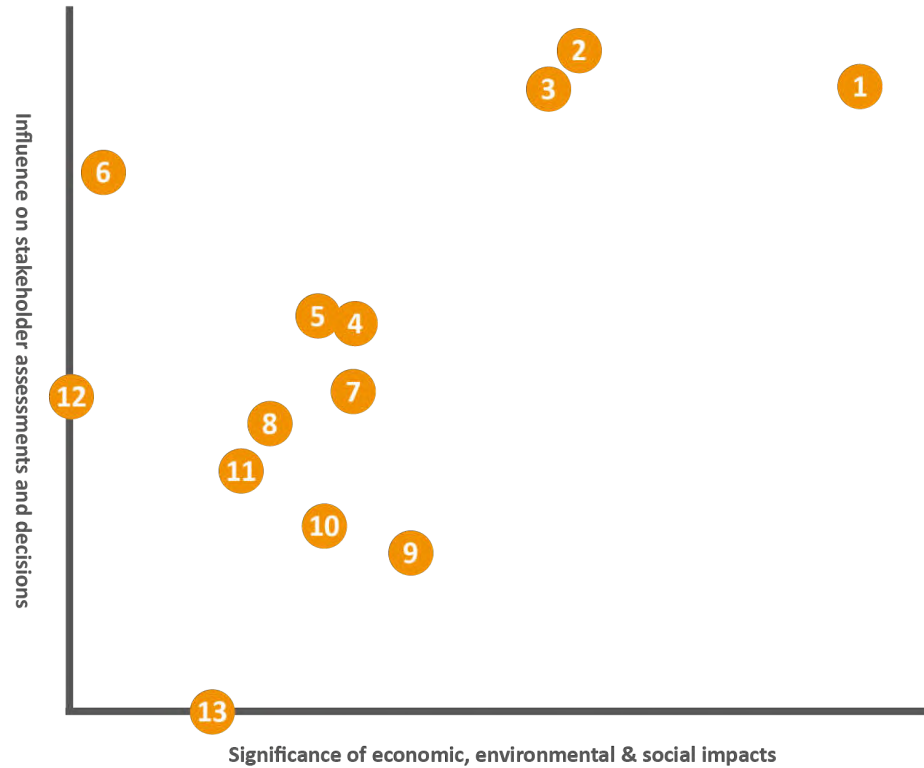
The profit remaining after the reservation pursuant to the previous paragraph shall be placed at the disposal of the Annual General Meeting.

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



Management approach material topics

Innovation for Better Sleep

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Transforming ideas for better sleep into products and services that meet the changing needs of our customers.	Influencing the quality of sleep of our customers, which is reflected in their health and well-being.	To improve the quality of sleep of our customers and ensure that this is measurable.	In 2022, we introduced the data-driven technology Beter Slapen ID in our retail stores to provide our customers with objective product advice. The full roll-out is set to be completed in the first half year of 2023.	Our team has quickly become skilled at using Beter Slapen ID, and the technology has been embraced by customers which value the advice they receive. We are therefore rolling out the system to all stores.

Community Engagement

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Working collaboratively with scientists and organisations to improve people's health and well-being by addressing issues that affect their quality of sleep.	Contributing to the general quality of sleep in our markets, thereby improving health and well-being, with a particular focus on those suffering from medical conditions.	To make a good night's rest possible for everyone; to contribute to health, well-being and performance; and to gain knowledge about the importance and impact of sleep on our general health and well-being.	We provide sleep solutions for and sponsor the Princess Máxima Children's hospital, refugees, the Netherlands Olympic team, professional cycling and speedskating team Jumbo Visma, Ajax football club and many others.	Many consumers value that our products are chosen by top athletes, as it underlines that link between good sleep and high performance. In addition, we receive valuable information from the elite athletes about the impact of various sleeping systems on their performance.

Sustainable operations

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Reducing carbon emissions and waste in our operations – for instance in our offices, stores, distribution centres, transportation and travel to and from work – by promoting sustainable behaviour and introducing more sustainable facilities and transportation.	Positively impacting the environment, including by reducing Greenhouse Gas emissions. In addition, reducing emissions can reduce our costs, leading to efficiency gains, and positively impact our reputation.	To reduce the CO ₂ emissions of our own operation by 75% in 2025.	We provide sleep solutions for and sponsor the Princess Máxima Children's hospital, refugees, the Netherlands Olympic team, professional cycling and speedskating team Jumbo Visma, Ajax football club and many others.	Many consumers value that our products are chosen by top athletes, as it underlines that link between good sleep and high performance. In addition, we receive valuable information from the elite athletes about the impact of various sleeping systems on their performance.

Human rights & our supply chain

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Ensuring human rights are an integral part of our supply chain, especially within our human resources, supplier management and procurement processes.	We have a responsibility for the well-being of everyone involved in the production process of our products, right up to their delivery to our customers. Carelessness and inattention can lead to abuse and mistreatment.	We want to be able to guarantee that all suppliers and their subcontractors endorse our supplier code of conduct and act accordingly in practice. Step one is that they must sign up to the code. Step two is that we will monitor this through visits and audits.	In 2022, all active suppliers with a purchase value over EUR 20,000 signed our supplier code of conduct. We are now examining their performance in practice, and will continue this work going forward.	The materiality analysis we conducted made it clear that monitoring compliance with human rights in our supply chain is essential for both our investors and our customers. This is one of the drivers of it being central to our sustainability strategy.

Management approach material topics

Diversity & inclusion

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Fostering, cultivating and maintaining a culture of diversity and inclusion within our company so that people can be their best selves at work, and are treated equally, whatever their age, gender, ethnicity, religion or sexual orientation.	Having a diverse and inclusive workforce can enhance creativity, innovation, and overall performance. Moreover, a diverse and inclusive culture creates a more positive and engaging working environment, which can lead to improved employee retention and satisfaction. In addition, by focusing on diversity and inclusion, we are better able to attract top talent and benefit from a greater variety of ideas and perspectives.	To promote gender diversity within our company, with a minimum of at least 33% female employees across all divisions.	We achieved 50% gender equality within our Supervisory Board and Management Board, and we continued to work hard to achieve at least 33% of either gender across all divisions.	Our stakeholders have the opportunity to express their different perspectives and contribute to decision-making processes. They are frequently involved in the development of diversity and inclusion strategies and policies, and provide valuable insights as to how we are performing with regards to diversity and inclusion within our organisation.

Training & development

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Providing our employees with the opportunity to develop their skills and competencies.	Having an effective learning and development programme positively impacts employee satisfaction. Moreover, if members of our team are able to continue learning and developing, they will be more likely to want to continue their careers at BBH and progress within our organisation.	To support our organisation and staff with the right knowledge and skills training during onboarding; to broaden their knowledge and skills as they progress through our organisation, and to contribute to employee retention and promotion.	In 2021, we reported a significant increase in employee training hours as shop closures due to COVID-19 led to an increase in online trainings. While there were fewer shop closures in 2022, we were still able to provide 14 hours training per employee.	Our learning and development programmes are continuously tailored to the needs and demands of our team. This includes employees' personal development trajectories, for example, broadening their knowledge and skills in specific areas.

Employee safety & well-being

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Contributing to the enhancement of the physical and mental well-being of our employees by ensuring a healthy and safe working environment, and by supporting a healthy lifestyle.	On one hand, a safe and healthy workforce can enhance productivity and morale, and reduce absenteeism and employee turnover. In addition, it can also benefit how customers perceive our business, which in turn leads to increased business. On the other hand, neglecting employee safety and well-being can lead to accidents, injuries, and illnesses, which can result in decreased productivity, increased healthcare costs, and potential legal and financial liabilities.	To establish a plain safety organisation, and clear communications about procedures and regulations related to safety and supervision so as to create a safe working environment.	In 2022, all distribution centres were inspected and adapted in line with our safety standards. Special attention was paid to technology that supports this, and to the level of knowledge on the shop floor. As a result of raising awareness, the logging of accidents and near misses has improved, which means we are now better able to take action to improve the working environment. An organisation-wide risk inventory and evaluation is planned for 2023, in which staff will be asked to share their views about safety and well-being at work.	We obtain safety information from external experts and the occupational health and safety service to assist us in following regulations. In addition, safety topics and progress made is discussed at an organisational level on a monthly basis.

Management approach material topics

Talent attraction & retention

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Continuing to be an interesting, inspiring and desirable place to work for potential employees, and actively recruiting new talent.	Our company has a positive reputation and strong brands that helps to attract top talent both within and beyond our industry. In addition, organisations that offer competitive compensation and benefits, opportunities for professional development, and a positive work-life balance have better employee retention rates.	To be the employer of choice for our employees and our soon-to-be employees, we strive to create a positive working environment and culture, which is important for the attraction and retention of the top talent. Opportunities for career growth and development, clear communication and transparent leadership, fair compensation, and a healthy work-life balance are all key recruitment and retention factors.	Despite the recent tight labour market conditions, we have still been successful in attracting talent for our organisation, and we are pleased with the internal promotions within our organisation, which reached 3,9 % in 2022. Given shortages in the wider market, retaining personnel continues to be a focus area, particularly as there are currently many employment opportunities for employees at branches and distribution centres.	By maintaining close contact with managers within our organisation, we are better able take quick actions to retain staff. In addition, we have been successful in using social media to promote our organisation as an attractive potential employer.

Circular product development

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Ensuring that we focus on the development of products that are circular by design (and contribute to a circular economy), meaning that the materials used are renewable or recycled, and that our products are designed to be easily disassembled, reused or recycled at the end of the product life cycle.	By bringing products to market, our company invariably has an impact on the environment. Offering more circular, natural and recycled materials is increasingly enabling us to limit this impact. It is important that we continue to closely monitor the sustainable development of raw materials so that adjustments can be quickly incorporated into our products.	To triple our product range with more durable options to 45% of our total collection, in line with our sustainability goals for 2025.	Through various collaborations with industry peers and suppliers, we now offer 16 products as more sustainable options for our consumers. Any such products consist of circular, recyclable and/or natural materials, or have a modular structure, so that the remaining mono-materials can be reused to a higher degree.	In the field of circular product development, we are dependent on developments in the raw materials market. We work closely with suppliers both within and outside our industry to monitor these developments.

Collaboration for reuse & recycling

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Collaborating with all parties involved to ensure that materials are disassembled and reused at the end of a product's life cycle, and if that is not possible, recycled.	Until all our products are circular, it will be necessary for us to collect as many as possible at the end of the life cycle, and reuse or recycle them to the highest possible degree.	We are active participant on recycling mattresses in the Netherlands and Belgium. Together with four industry partners, we have committed ourselves to recycle 75% of the mattresses we bring to market by 2028. This will entail both promoting responsible collection at local collection stations and collecting the mattresses ourselves.	In 2022, we collected 55% of the mattresses that we brought to market through the Matras Recycling Nederland (MRN) foundation, in addition to collecting 13% of the mattresses ourselves. Consumers can often use local collection points for mattresses, which are affiliated with MRN; this will limit the transport needed.	We actively participate in the MRN foundation, together with four industry partners. This foundation's goal is to collect mattresses and recycling them in a responsible way. Agreements have been made with the Ministry of Infrastructure and Water Management about the MRN's work, and these have been declared generally binding.

Sustainable packaging

Policy	Impacts	Objectives & actions	Performance	Stakeholder engagement
Ensuring that the packaging used to protect our sleep products is made of sustainable mono-materials; that it is reused as many times as possible (for instance reusing packaging material used in home deliveries), and that it is recycled at the end of the process by our recycling partner.	Sustainable packaging is designed to minimise the environmental impact of packaging materials throughout their life cycle, from sourcing and production to disposal or recycling. This can include using materials that are biodegradable, recyclable, or made from renewable resources. Using sustainable packaging can reduce the amount of waste generated, in addition to the use of fossil fuels and other resources, which can have a positive impact on the environment.	To limit the use and/or weight of packaging, packaging used must consist of a single type of packaging material that is easy to reuse or recycle. This enables us to recycle the packaging that we collect ourselves to a high degree in collaboration with our waste processor.	At present, in consultation with our suppliers, we limit packaging materials used for our products to two materials: polyethylene plastic and cardboard. Both materials are collected separately and converted into reusable materials by our waste partners. We are currently examining whether in the future these materials could also be used in our products.	Limiting the use of packaging materials is central to discussions when we develop and purchase products. For this reason, the use of PVC in packaging materials has, for instance, already been discontinued in recent years. The quality of the collection and the level of recycling and/or reuse is part of the discussions we have with our waste partners on an annual basis.

EU taxonomy - tables

Capex

Economic activities	Code(s)	Absolute Capex	Proportion of Capex	Substantial contribution criteria		Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	DNSH criteria*				Minimum safeguards	Taxonomy- aligned proportion of Capex, 2022	Taxonomy- aligned proportion of Capex, 2021	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Y/N	Y/N	Y/N	Y/N	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
		x € thousand	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities																		
A.1. Environmental sustainable activities (Taxonomy-aligned)																		
No taxonomy-aligned activities yet															0%			
Capex of environmentally sustainable activities (Taxonomy aligned) (A.1)		0	0%	0%	0%													
A.2. Taxonomy-Eligible but not environmentally sustainable activities																		
Capital Expenditure on energy efficient light sources and equipment	7.3	711	11%	0%	0%	N	N	N	N	N	N	N	N	N				T
Capex of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (A.2)		711	11%															
Total (A.1 + A.2)		711	11%													0%		
B. Taxonomy-non-eligible activities																		
Capex from Taxonomy-non-eligible activities (B)		5,618	89%															
Total (A + B)		6,329	100%															

* no alignment with 'DNSH' because no climate risk analysis has yet been fulfilled.

EU taxonomy - tables

Opex

Economic activities	Code(s)	Absolute Opex	Proportion of Opex	Substantial contribution criteria		DNSH criteria*							Taxonomy- aligned proportion of Opex, 2022	Taxonomy- aligned proportion of Opex, 2021	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards				
		x € thousand	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities																
A.1. Environmental sustainable activities (Taxonomy-aligned)																
No taxonomy-aligned activities yet													0%			
Opex of environmentally sustainable activities (Taxonomy aligned) (A.1)		0	0%	0%	0%											
A.2. Taxonomy-Eligible but not environmentally sustainable activities																
Maintenance and repair of energy efficiency equipment	7.3	102	16%	0%	0%	N	N	N	N	N	N	N				T
Maintenance and repair of charging stations for electric vehicles	7.4	15	2%	100%	0%	N	N	N	N	N	N	N				T
Opex of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (A.2)		117	18%													
Total (A.1 + A.2)		117	18%											0%		
B. Taxonomy-non-eligible activities																
Opex from Taxonomy-non-eligible activities (B)		528	82%													
Total (A + B)		645	100%													

* no alignment with 'DNSH' because no climate risk analysis has yet been fulfilled.

GRI table

Indicator	Description	Reference
GRI 102: General Disclosures		
The organisation and reporting practices		
102-1	Organisational details	
	a Legal name of the organisation;	Cover page (see page 0)
	b Nature of ownership and legal form;	Corporate Governance (see page 75)
	c Location of the headquarters;	Colophon (see page 170)
	d Countries of operation.	Our physical footprint (see page 20) About Beter Bed Holding (see page 17)
102-2	Entities included in the organisation's sustainability reporting	
	a Entities included in sustainability reporting;	Implementing our renewed sustainable strategy (see page 37)
	b Differences between entities in financial and sustainability reporting;	Implementing our renewed sustainable strategy (see page 37)
	c Approach used for consolidating the information;	Implementing our renewed sustainable strategy (see page 37)
	Whether the approach involves adjustments to information for minority interests; how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities;	Implementing our renewed sustainable strategy (see page 37)
	ii Whether and how the approach differs across the disclosures in this Standard and across material topics.	Implementing our renewed sustainable strategy (see page 37)
102-3	Reporting period, frequency and contact point	
	a The reporting period for, and the frequency of, sustainability reporting;	January 1, 2022 to December 31, 2022
	b Reason why financial reporting does not align with the period for sustainability reporting;	N/A
	c Publication date report;	10 March 2023
	d Contact point for questions regarding the report.	Send questions or comments to: bbholding@beterbed.nl

Indicator	Description	Reference
102-4	Restatements of information	
	i Reasons for the restatements;	KPI Scorecard highlights (see page 63)
	ii Effect of the restatements.	KPI Scorecard highlights (see page 63)
102-5	External assurance	
	a Policy and practice for seeking external assurance, whether and how governance body and senior executives are involved;	Independent auditor's report (see page 147)
	b If the sustainability reporting has been externally assured;	Independent auditor's report (see page 147)
	i External assurance report(s) or statement(s);	Independent auditor's report (see page 147)
	ii What is assured and on what basis, assurance standards used, level of assurance obtained, limitations of process;	Independent auditor's report (see page 147)
	iii Relationship with assurance provider.	Independent auditor's report (see page 147)
Activities and workers		
102-6	Activities, value chain and other business relationships	
	a Active sector(s);	About Beter Bed Holding (see page 17)
	b Value chain description:	Our value chain (see page 56)
	i Activities, products, services and market served;	Our operations (see page 18)
	ii Supply chain;	Our supply chain (see page 58)
	iii Downstream entities and activities;	Our value chain (see page 56)
	c Relevant business relationships;	Our value chain (see page 56) Our supply chain (see page 58)

GRI table

Indicator	Description	Reference
102-7	d Significant changes in 2-6-a, b and c compared to previous reporting period. Employees	No significant changes
	a Total number of employees, breakdown by gender and region;	People (see page 67)
	b Total number of:	
	i Permanent employees, breakdown by gender and region;	People (see page 67)
	ii Temporary employees, breakdown by gender and region;	People (see page 67)
	iii Non-guaranteed hours employees, breakdown by gender and region;	People (see page 67)
	iv Full-time employees, breakdown by gender and region;	People (see page 67)
	v Part-time employees, breakdown by gender and region;	People (see page 67)
	c Methodologies and assumptions used:	
	i Head count, full-time equivalent, or another methodology;	People key figures (see page 66)
	ii At the end or as an average across the reporting period, or another methodology;	People (see page 67)
	d Contextual information under 2-7-a and b;	People (see page 67)
	e Significant fluctuations in number of employees during and between the reporting period(s).	People (see page 67)

Indicator	Description	Reference
Governance		
102-9	Governance structure and composition	
a	Governance structure, committees of the highest governance body;	Corporate Governance (see page 75)
b	Committees of the highest governance body responsible for decision making on and overseeing impacts on the economy, environment, and people;	Corporate Governance (see page 75)
c	Composition of the highest governance body and committees by:	
i	Executive and non-executive members;	Management Board biographies (see page 73) Supervisory Board biographies (see page 74)
ii	Independence;	Corporate Governance (see page 75)
iii	Tenure of members on the governance body;	Report of the Supervisory Board (see page 90)
iv	Number of significant positions and commitments held by each member, and nature of commitments;	Report of the Supervisory Board (see page 90)
v	Gender;	Supervisory Board biographies (see page 74)
vi	Under-represented social groups;	Report of the Supervisory Board (see page 90)
vii	Competencies relevant to the impacts of the organisation;	Supervisory Board biographies (see page 74)
viii	Stakeholder representation.	Supervisory Board biographies (see page 74)

GRI table

Indicator	Description	Reference	Indicator	Description	Reference
102-10	Nomination and selection of the highest governance body		b	The role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people, including:	Implementing our renewed sustainable strategy (see page 37)
	a Nomination and selection processes for highest governance body and committees;	Corporate Governance (see page 75)	i	Whether and how the highest governance body engages with stakeholders to support these processes;	Implementing our renewed sustainable strategy (see page 37)
	b Criteria for nominating and selecting highest governance body members, including whether and how the following are considered:	Corporate Governance (see page 75)	ii	How the highest governance body considers the outcomes of these processes;	Implementing our renewed sustainable strategy (see page 37)
	i Views of stakeholders (including shareholders);	Corporate Governance (see page 75)	c	The role of the highest governance body in reviewing the effectiveness of the organisation's processes as described in 2-12-b, and report the frequency of this review.	Implementing our renewed sustainable strategy (see page 37)
	ii Diversity;	Corporate Governance (see page 75)		102-13 Delegation of responsibility for managing impacts	
	iii Independence;	Corporate Governance (see page 75)	a	How the highest governance body delegates responsibility for managing the organisation's impacts on the economy, environment, and people, including:	Supervisory board biographies (see page 74)
	iv Competencies relevant to the impacts of the organisation.	Corporate Governance (see page 75)	i	The appointment of any senior executives with responsibility for the management of impacts;	Supervisory board biographies (see page 74)
102-11	Chair of the highest governance body		ii	Whether it has delegated responsibility for the management of impacts to other employees;	Corporate governance (see page 75)
	a Whether the chair of the highest governance body is also a senior executive in the organisation;	N/A			
	b If the chair is also a senior executive, explain their function within the organisation's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.	N/A			
102-12	Role of the highest governance body in overseeing the management of impacts				
	a The role of the highest governance body and of senior executives in developing, approving, and updating the organisation's purpose, value or mission statements, strategies, policies, and goals related to sustainable development;	Implementing our renewed sustainable strategy (see page 37)			

GRI table

Indicator	Description	Reference	Indicator	Description	Reference
102-14	b The process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organisation's impacts on the economy, environment, and people.	Corporate governance (see page 75)	102-17	Collective knowledge of the highest governance body	
	Role of the highest governance body in sustainability reporting		a	Measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	Implementing our renewed sustainable strategy (see page 37)
	a Whether the highest governance body is responsible for reviewing and approving the reported information, including the organisation's material topics, and if so, describe the process for reviewing and approving the information;	Implementing our renewed sustainable strategy (see page 37)	102-18	Evaluation of the performance of the highest governance body	
102-15	b if the highest governance body is not responsible for reviewing and approving the reported information, including the organisation's material topics, explain the reason for this.	Implementing our renewed sustainable strategy (see page 37)	a	The processes for evaluating the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment, and people;	Implementing our renewed sustainable strategy (see page 37)
	Conflicts of interest		b	Whether the evaluations are independent or not, and the frequency of the evaluations;	Corporate governance (see page 75)
	a The processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated;	Corporate governance (see page 75)	c	Actions taken in response to the evaluations, including changes to the composition of the highest governance body and organisational practices.	Supervisory board (see page 75)
	b Whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to:	N/A	102-19	Remuneration policies	
	i Cross-board membership;	N/A	a	The remuneration policies for members of the highest governance body and senior executives, including:	Implementation of remuneration policy in 2022 (see page 98)
	ii Cross-shareholding with suppliers and other stakeholders;	N/A	i	Fixed pay and variable pay;	Summary of Management Board's remuneration (see page 97)
	iii Existence of controlling shareholders;	N/A	ii	Sign-on bonuses or recruitment incentive payments;	Long-term incentives in 2022 (see page 102)
	iv Related parties, their relationships, transactions and outstanding balances.	N/A	iii	Termination payments;	N/A
			iv	Clawbacks;	N/A
			v	Retirement benefits;	Employee benefits (see page 142)

GRI table

Indicator	Description	Reference	Indicator	Description	Reference
102-20	b How the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people.	Implementation of remuneration policy in 2022 (see page 98)	Strategy, policies and practices		
	Process to determine remuneration		102-22	Statement on sustainable development strategy	
	a The process for designing its remuneration policies and for determining remuneration, including:	Implementation of remuneration policy in 2022 (see page 98)	a	Statement from the highest governance body or most senior executive of the organisation about the relevance of sustainable development to the organisation and its strategy for contributing to sustainable development.	CEO's statement (see page 7)
	i Whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration;	Remuneration report (see page 96)	102-23	Policy commitments	
	ii How the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration;	Remuneration report (see page 96)	a	Policy commitments for responsible business conduct, including:	Risk management (see page 80)
	iii Whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organisation, its highest governance body and senior executives;	Remuneration report (see page 96)	i	The authoritative intergovernmental instruments that the commitments reference;	Risk management (see page 80)
	b The results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.	Other policy information and contract terms (see page 103)	ii	Whether the commitments stipulate conducting due diligence;	N/A
			iii	Whether the commitments stipulate applying the precautionary principle;	N/A
			iv	Whether the commitments stipulate respecting human rights;	Human rights & supply chain (see page 63)
			b	Describe its specific policy commitment to respect human rights, including:	Human rights & supply chain (see page 63)
			i	The internationally recognized human rights that the commitment covers;	Human rights & supply chain (see page 63)
			ii	The categories of stakeholders, including at-risk or vulnerable groups, that the organisation gives particular attention to in the commitment;	Materiality and stakeholder engagement (see page 40)

GRI table

Indicator	Description	Reference	Indicator	Description	Reference
102-24	c Provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;	https://www.beterbedholding.com/csr/code-of-conduct	c	Other processes by which the organisation provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to;	Risk management (see page 80)
	d Report the level at which each of the policy commitments was approved within the organisation, including whether this is the most senior level;	Board level	d	How the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms;	Risk management (see page 80)
	e Report the extent to which the policy commitments apply to the organisation's activities and to its business relationships;	Human rights & supply chain (see page 63)	e	How the organisation tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback.	Risk management (see page 80)
	f Describe how the policy commitments are communicated to workers, business partners, and other relevant parties.	Human rights & supply chain (see page 63)	102-26	Mechanisms for seeking advice and raising concerns	
102-25	a How it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including:	Risk management (see page 80)		a The mechanisms for individuals to:	
	Processes to remediate negative impacts			i Seek advice on implementing the organisation's policies and practices for responsible business conduct;	Risk management (see page 80)
	a Its commitments to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to;	Risk management (see page 80)	102-27	ii Raise concerns about the organisation's business conduct.	Risk management (see page 80)
	b Its approach to identify and address grievances, including the grievance mechanisms that the organisation has established or participates in;	Risk management (see page 80)		Compliance with laws and regulations	
				a The total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by:	Risk management (see page 80)
				i Instances for which fines were incurred;	None
				ii Instances for which non-monetary sanctions were incurred;	None

GRI table

Indicator	Description	Reference
102-28	b The total number and the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by:	None
	i Fines for instances of non-compliance with laws and regulations that occurred in the current reporting period;	None
	ii Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods;	None
	c Describe the significant instances of non-compliance;	Risk management (see page 80)
	d Describe how it has determined significant instances of non-compliance.	Risk management (see page 80)
	Membership associations	
	a Industry associations, other membership associations, and national or international advocacy organisations in which it participates in a significant role.	Materiality and stakeholder engagement (see page 40)
Stakeholder engagement		
102-29	Approach to stakeholder engagement	
	a Describe its approach to engaging with stakeholders, including:	
	i The categories of stakeholders it engages with, and how they are identified;	Table Materiality and stakeholder engagement (see page 42)
	ii The purpose of the stakeholder engagement;	Table Materiality and stakeholder engagement (see page 42)

Indicator	Description	Reference
	iii How the organisation seeks to ensure meaningful engagement with stakeholders.	Table Materiality and stakeholder engagement (see page 42)
GRI 103: Material topics		
103-1	Process to determine material topics	
	a The process it has followed to determine its material topics, including:	Implementing our renewed sustainable strategy (see page 37)
	i How it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships;	Implementing our renewed sustainable strategy (see page 37)
	ii How it has prioritised the impacts for reporting based on their significance;	Management approach material topics (see page 156)
	b Specify the stakeholders and experts whose views have informed the process of determining its material topics.	Materiality and stakeholder engagement (see page 40)
103-2	List of material topics	Management approach material topics (see page 156)
	a List material topics;	Materiality and stakeholder engagement (see page 40)
	b Changes to the list of material topics compared to the previous reporting period.	Materiality and stakeholder engagement (see page 40)
		None

GRI table

Indicator	Description	Reference
GRI 305: Emissions 2016		
103-3	Management of material topics	Promise (see page 46) Materiality and stakeholder engagement (see page 40) Management approach material topics (see page 156) Table Materiality and stakeholder engagement (see page 42)
305-1	Direct (scope 1) GHG emissions	KPI Scorecard (see page 65) Promise (see page 46)
305-2	Energy indirect (scope 2) GHG emissions	KPI Scorecard (see page 65) Promise (see page 46)
305-5	Reduction of Greenhouse Gas emissions	KPI Scorecard (see page 65) Promise (see page 46)
GRI 302: Energy		
103-3	Management of material topics	Promise (see page 46) Materiality and stakeholder engagement (see page 40) Management approach material topics (see page 156)
302-1	Energy consumption within the organisation	KPI Scorecard (see page 65) Promise (see page 46)
302-4	Reduction of energy consumption	KPI Scorecard (see page 65) Promise (see page 46)

Indicator	Description	Reference
GRI 306: Waste		
103-3	Management of material topics	Promise (see page 46) Materiality and stakeholder engagement (see page 40) Management approach material topics (see page 156)
306-1	Waste generation and significant waste-related impacts	
306-3	Waste generated	KPI Scorecard (see page 65) Promise (see page 46)
GRI 401: Employment		
401-2	Labour/management relations	Our people (see page 67)
401-3	Health and safety at work	Our people (see page 67)
404-2	Programmes for improvement of employee skills	Our people (see page 67)
405-1	Diversity of management and employees	People key figures (see page 66) KPI scorecard (see page 65)
GRI 418: Customer privacy		
418-1	Data security, privacy and cyber security	Risk management (see page 80)
Product - Circular product development		
103-2	Management approach: How is this material topic managed?	Management approach material topics (see page 156) Product (see page 52)
103-3	Management approach: How is this material topic evaluated?	Product (see page 52) KPI Scorecard highlights (see page 63)
Own indicator	# of more sustainable products (circular, modular, naturally)	KPI Scorecard (see page 65)

GRI table

Indicator	Description	Reference
Promise - Innovation for better sleep		
103-2	Management approach: How is this material topic managed?	Management approach material topics (see page 156) Promise (see page 46)
103-3	Management approach: How is this material topic evaluated?	Promise (see page 46) KPI Scorecard highlights (see page 63)
Own indicator	% of mattresses purchased after using Beter Slapen ID	KPI Scorecard (see page 65)
People - Employee safety and well-being		
103-2	Management approach: How is this material topic managed?	People (see page 67) Management approach material topics (see page 156)
103-3	Management approach: How is this material topic evaluated?	People (see page 67) KPI Scorecard highlights (see page 63)
Own indicator	% Mattresses returned for recycling	KPI Scorecard (see page 65)

Colophon

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