

## Beter Bed Holding records strong commercial and financial performance with excellent cash generation in 2020

Uden, the Netherlands, 12 March 2021

### Highlights

- New strategic route leads to growth significantly outpacing bedding market.
- Full-year EBITDA (including IFRS 16) grew by 57.5% to € 33.4 million in 2020 with net profit of € 7.9 million.
- Net cash generation amounted to € 19.8 million.
- 2020 sales amount to € 222.1 million representing a like-for-like uplift of 21.2% across all businesses.
- Order intake for the Group grew like-for-like by 24.8%, leading to record high order book of € 24.8 million on 31 December 2020 (up 19% vs. 31 December 2019).
- Strong omni-channel approach drives online sales up by 86.5% like-for-like, leading to a channel share of 14.8% for the full year.
- Gross margin further increased to 54.9% across the Group.

The table below shows the key figures for the full-year 2020, which comprises Beter Bed in the Benelux, Beddenreus in the Netherlands, Sängjätten in Sweden and our wholesale division DBC.

Key figures continuing operations	2020	2019
Revenue (in € million)	222.1	185.8
EBITDA including IFRS 16 (in € million)	33.4	21.2
EBITDA excluding IFRS 16 (in € million)	19.2	9.4
EBIT (in € million)	12.6	(0.4)
Net profit/(loss) from continuing operations (in € million)	7.9	(4.2)
Number of stores at year-end	151	161
Number of employees (FTE) at year-end	1,027	1,005

### John Kruijssen, CEO of Beter Bed Holding N.V., comments:

*"The COVID-19 outbreak significantly impacted society over 2020. Beter Bed Holding immediately adapted to this new reality, creating momentum to develop positively, commercially and financially. While our first priority remained with the health and safety of our employees and our customers throughout this unprecedented time, we geared the organisation to the new economic reality, further fine-tuned our strategic direction and significantly improved the level of digitalisation throughout the Group. The bedding market has been performing strong over 2020, with consumers spending more on their quality of sleep. In this growing market, we have further increased our market share and strengthened our position. We have shown almost 20% growth in revenue with costs tightly under control, further improving our margins and returning back to net profit. At the same time, we have launched several initiatives to further increase our sustainability, and we will publish a revitalised CSR strategy mid-year, with new stretching targets to strive for. I am very proud of my Beter Bed Holding colleagues showing responsibility and decisiveness so that our operations continued to be safe and developed even further, which gives us, despite the current lockdowns, confidence for the future."*

## Number of stores

The table below shows the development of the number of stores in 2020.

Number of stores	1-1-2020	Opened	Closed	Franchise	31-12-2020
Beter Bed Netherlands	83	2	1	-	84
Beddenreus	34	2	2	-	34
Beter Bed Belgium	17	1	1	-	17
<b>Total Benelux</b>	134	5	4	-	135
Sängjätten	27	-	8	3	16
<b>Total</b>	161	5	12	3	151

## COVID-19 update

The current lockdown and the limited visibility on the duration thereof, combined with the more generic COVID-19 developments, affect all of us. It is difficult to predict how 2021 will unfold, although it is already clear that the first quarter has been hugely impacted through the closure of our physical stores. The vaccines in the various countries might bring some relief. Nevertheless, consumer confidence continues to be depressed and the economy volatile. We continue our focus on cost control, disciplined capital spend and strict cash flow management, and at the same time we further increase our investments in our online channel and further digitalisation. Active stock and supplier management is in place in order to manage disturbances caused by the lockdown. Precautionary measures are taken and constantly reviewed to ensure safe working and, when possible again, safe shopping conditions.

## Online – Digitalisation

2020 marked a historic transformation for the digital activities, mainly in the Benelux. Online order intake has doubled compared to last year.

COVID-19 impact in customer behaviour has sparked further acceleration of digital activities. Deliberate actions were taken to bring investments forward in technology, people and a flexible deployment of highly specialised online agencies.

From a marketing perspective, initiatives have been taken such as flexible digital marketing investments based on customer market demand to make sure we are present where the customer is looking for us. Increased measurements and KPIs have been further developed to be able to model, forecast, and better assess (digital) marketing investments and logistic costs into predictive P&L impact. These efforts aim to drive top line growth, and have already led to significantly improved category margins, digital marketing efficiency (return on ad-spend), and online profitability.

Besides the significant steps forward in digital marketing, our new state-of-the-art web platform was launched in Q3, resulting in shorter website development release cycles. With this ability, enhanced and customer friendlier features were quickly launched which improved website speed and mobile- and user-experience, and resulted in a significant conversion uplift.

The strong growth in online sales necessitated additional investments in supply chain warehousing and delivery as well as after-sales customer care and self-service capabilities. Finally, especially Benelux also benefited from its active presence on third party marketplaces such as Amazon, Bol.com and Wehkamp, which showed an overall market demand increase across the board.

## Benelux

Benelux business experienced strong growth, driven by the solid performance of our retail stores, despite the COVID-19 related disruption by lockdowns in Belgium and Netherlands, and the growth in our online proposition. The pandemic has fundamentally altered consumer behaviour and retail operations, making digital adoption and transformation a necessity. We have proven to be well underway in achieving this digital transformation to become a true omni-channel retailer.

Stores in Belgium closed twice for a total of 13 weeks, however, sales lost during the mandatory closing have completely been recovered by strong online performance which continued to grow within this timeframe, as well as increased offline sales due to strong marketing campaigns and commercial activities once stores reopened.

The development of our customer value proposition 'Beter Bed, Better Sleep, Better Life' has continued in 2020 despite the pressure caused by COVID-19.

The importance of better sleep for better life is underpinned by more than 2,000 scientific studies: better sleep makes people healthier, more energetic, more social and happier. Beter Bed's own research shows that a large group of people do not always recognise or acknowledge the importance of sleeping well. An average person spends only € 2 a week on sleeping, while we spend as much as one third of our lives in bed, showing the potential of our market.

Building on 35-years of experience as a sleep specialist, we dedicate our knowledge and resources to helping customers sleep better and increasingly use data and digital tools to improve our service. During this quarter, Beter Bed will introduce a mattress in its stores that uses sensors to analyse the support required for the perfect sleeping comfort, depending on the customer's body mass, length and weight. This tool will support our sleep consultant in advising customers to make better choices. This strategy has been kicked-off by the 'Slaapkoppen' (Sleepy heads) campaign, launched on 14 December 2020.

## New Business

New business comprises DBC's wholesale business and Sängjätten in Sweden.

### DBC

Volumes to Beter Bed and independent third party retailers significantly improved in 2020 as a result of the active commercial approach, qualitative leveraging of the M line brand and a supportive attitude towards dealers to help them in these unprecedented times in retail. As a result of COVID-19 the international wholesale business experienced delays in tender processes. Nevertheless, DBC was able to sign a number of new customers, including the DeRUCCI agreement announced in Q4 2020. The funnel of prospects looks promising for 2021 and further innovations are in the pipeline, to materialise throughout 2021.

### Sängjätten

The Swedish business implemented the newly designed plan across the network, rightsized the organisation's network and support organisation. Throughout the year we experienced that customers appreciated the new stores and new ranges with local, international and our own brands very positively. Both online and in-store sales showing like-for-like growth, proof of the improved position of Sängjätten as a sleep specialty store in the Swedish market.

## Financial review

### Revenue

Group revenue from continuing operations in 2020 was € 222.1 million, which is 19.5% higher compared with € 185.8 million in 2019, with like-for-like revenue growth of 21.2%. Both the Benelux and the New Business operations contributed to this revenue growth. The Benelux reported significant year-on-year revenue growth of 21.1%, with like-for-like revenue growth of 20.7%, whereas New Business, which comprises Sängjätten in Sweden and the DBC wholesale business, delivered year-on-year revenue growth of 8.7% with like-for-like revenue growth of 25.3%. The Group's online activities have increased significantly, at a growth rate of 86.5%. From a regional perspective, 88% of revenue in 2020 was generated in the Netherlands (2019: 85%), 5% in Belgium (2019: 6%) and 7% in Sweden (2019: 9%).

### Gross profit

Gross profit as a percentage of revenue increased to 54.9% compared with 53.0% last year. Cost of goods improvements were mainly realised by reallocated sourcing and re-engineering of products. As a result of higher revenue at a higher gross margin, gross profit for the year increased by 23.8% to € 121.9 million, compared with € 98.5 million in 2019.

### Operating expenses

Total operating expenses for 2020 were € 109.2 million, compared with € 105.4 million in 2019. Operating expenses increased much less than revenues, and the increase was mainly driven by other operating expenses, due to higher marketing investments to grow the online and offline order intake, and logistic costs due to the growth of the order intake. Other operating expenses increased by € 4.1 million to € 40.7 million in 2020 (2019: € 36.6 million).

Total personnel expenses amounted to € 47.8 million, compared with € 47.1 million last year. This was mainly explained by a higher number of employees in the Benelux to fulfil the supply chain activities related to the increased order intake and wage inflation.

Depreciation, amortisation and impairment expenses were € 20.8 million in 2020 compared with € 21.7 million in 2019. This decrease is mainly the consequence of the level of investments related to the liquidity constraints until 2019, and the impact of COVID-19 in 2020.

### Results

EBITDA (including IFRS 16) increased from € 21.2 million in 2019 to € 33.4 million in 2020, reflecting the 19.5% increase in revenue, improved gross profit percentage and increased operating expenses. 2020 EBIT increased year-on-year to € 12.6 million (2019: EBIT loss of € 0.4 million). Net profit from continuing operations amounted to € 7.9 million (2019: net loss of € 4.2 million). Beter Bed Holding improved its financial position in 2020. However, in line with the dividend policy the management board proposes to the AGM on 12 May 2021 that no dividend will be paid for the 2020 financial year.

### Cash flows

Total cash flow generated from operating activities in 2020 was € 43.1 million (2019: € 3.2 million). The operational cash flow generation of our continued business was positive, and we have achieved working capital improvements in all areas.

Total cash flow from investing activities in 2020 was an outflow of € 3.5 million compared with an inflow of € 12.7 million in 2019. The total amount of investments in both tangible and intangible fixed assets amounted to € 3.6 million in 2020, compared with € 4.4 million in 2019. The majority of these investments related to investments in IT and E-commerce platforms, the new stores and required maintenance in existing stores.

### Cash, liquidity and debt financing

The cash flow from financing activities for the year was an outflow of € 19.8 million (2019: outflow of € 20.2 million), due to the deleveraging and the significant improvements in our financial position. The financing cash flow consists of repayment of borrowings of € 4.2 million and the payment of lease liabilities for an amount of € 15.2 million, and interest paid.

The cash position changed significantly during 2020. At year-end 2020, the Group reported a net cash position of € 19.3 million (2019: net debt of € 7.9 million).

### Financing and solvency

In July 2020, Beter Bed Holding N.V. further improved its healthy financial position, with an extension of the existing financing facilities of € 22.3 million with our incumbent banks until 31 December 2021. Furthermore, the shareholder loan of € 3.5 million plus incurred interest was converted into newly issued shares. In total, 2.13 million new shares were issued for this transaction. Furthermore, an agreement was closed to decrease the interest rate applicable to the perpetual loan to 10% until mid-2021 after which it will go back to 15%.

Solvency significantly improved as a result of the operating profit and the conversion of the shareholder loan, standing at 13.6% as at 31 December 2020 (2019: 3.1%).

## Independent auditor's report

The financial information in the appendices is taken from the consolidated financial statements of Beter Bed Holding N.V. for which an unqualified auditor's report has been issued by the independent auditor.

## Annual report 2020 and AGM Beter Bed Holding N.V.

Beter Bed Holding N.V. is publishing its annual report for the financial year 2020 today on its website [www.beterbedholding.com](http://www.beterbedholding.com). An interactive PDF document is available on this website.

The virtual Annual General Meeting will take place through a live webcast on 12 May 2021. The agenda including explanatory notes and notice to the AGM will be published on the Company's website on 31 March 2021.

## About Beter Bed Holding

Beter Bed Holding N.V. (BBH) is a sleep specialist operating in the European retail, wholesale and B2B sectors, providing the very best beds and sleep products at affordable prices to match the unique needs of every customer. We believe that the better we sleep, the happier, healthier and more productive we are. And we will not rest until everyone gets the high-quality sleep they deserve.

The Group operates through different brands in different regions:

- Beter Bed brand in the Netherlands and Belgium;
- Beddenreus brand in the Netherlands; and
- Sängjätten brand in Sweden.

In addition, through its subsidiary DBC International, BBH has a wholesale business in branded products in the bedroom furnishings sector, which includes international brands such as M line, Wave and Maxi.

At year-end 2020, Beter Bed Holding N.V.'s 151 stores generated revenue of over € 200 million, with approximately 15% share of online revenue.

Beter Bed Holding N.V. has been listed on Euronext Amsterdam with security code BBED NL0000339703 since December 1996.

### **FOR MORE INFORMATION:**

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# Financial statements 2020

## Consolidated balance sheet

At 31 December and before result appropriation

in thousand €

2020

2019

	2020	2019
<b>Non-current assets</b>		
Intangible assets	10,391	8,483
Property, plant and equipment	5,512	10,596
Right-of-use assets	39,613	41,747
Deferred tax assets	1,986	2,087
Other non-current financial assets	1,454	64
<b>Total non-current assets</b>	<b>58,956</b>	<b>62,977</b>
<b>Current assets</b>		
Inventories	25,846	22,233
Trade receivables	2,180	1,830
Income tax receivable	284	1,594
Other receivables	6,673	8,655
Cash and cash equivalents	21,627	2,115
<b>Total current assets</b>	<b>56,610</b>	<b>36,427</b>
<b>Total assets</b>	<b>115,566</b>	<b>99,404</b>



**At 31 December**

in thousand €

**2020****2019****Equity**

Issued share capital	<b>525</b>	482
Share premium	<b>27,967</b>	23,391
Equity instruments	<b>3,814</b>	3,500
Revaluation reserve	<b>386</b>	386
Foreign currency translation reserve	<b>304</b>	514
Other reserves	<b>(25,211)</b>	27,337
Retained earnings	<b>7,938</b>	(52,575)
<b>Total equity attributable to equity holders of the parent</b>	<b>15,723</b>	3,035

**Liabilities****Non-current liabilities**

Lease liabilities	<b>28,913</b>	29,241
Deferred tax liabilities	<b>841</b>	802
	<b>29,754</b>	30,043

**Current liabilities**

Borrowings	<b>2,285</b>	9,994
Lease liabilities	<b>14,859</b>	16,346
Trade payables	<b>20,871</b>	14,182
Income tax payable	<b>3,544</b>	-
Other taxes and social security contributions	<b>10,888</b>	7,532
Other liabilities	<b>17,642</b>	18,272
	<b>70,089</b>	66,326

**Total liabilities**

	<b>99,843</b>	96,369
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**Total equity and liabilities**

	<b>115,566</b>	99,404
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# Consolidated profit and loss account

For the year ended 31 December 2020

in thousand €, unless otherwise stated

	2020	2019
<b>Continuing operations</b>		
Revenue	222,061	185,805
Materials and services from third parties	(100,207)	(87,270)
<b>Gross profit</b>	<b>121,854</b>	98,535
<b>Other income</b>		
	-	6,404
Personnel expenses	(47,753)	(47,064)
Depreciation, amortisation and impairment	(20,802)	(21,676)
Other operating expenses	(40,657)	(36,631)
Total operating expenses	(109,212)	(105,371)
<b>Operating profit/(loss) (EBIT)</b>	<b>12,642</b>	(432)
Finance costs	(943)	(2,450)
<b>Profit/(loss) before tax from continuing operations</b>	<b>11,699</b>	(2,882)
Income tax	(3,761)	(1,284)
<b>Net profit/(loss) from continuing operations</b>	<b>7,938</b>	(4,166)
<b>Discontinued operations</b>		
Profit/(loss) after tax from discontinued operations	-	(48,409)
<b>Net profit/(loss)</b>	<b>7,938</b>	(52,575)
<b>Earnings per share from all operations</b>		
Earnings per share in €	0.32	(2.38)
Diluted earnings per share in €	0.31	(2.38)
<b>Earnings per share from continuing operations</b>		
Earnings per share in €	0.32	(0.19)
Diluted earnings per share in €	0.31	(0.19)

# Consolidated statement of comprehensive income

For the year ended 31 December 2020

in thousand €	2020	2019
<b>Profit/(loss) for the year</b>	<b>7,938</b>	(52,575)
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Revaluation of land	-	389
Tax effect relating to revaluation	-	(97)
Change of applicable tax rate	-	(181)
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	35	228
Tax effect relating to exchange differences	(9)	-
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<b>7,964</b>	(52,236)
<b>Total comprehensive income/(loss) for the year, net of tax</b>		
Continuing operations	7,964	(3,827)
Discontinued operations	-	(48,409)
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<b>7,964</b>	(52,236)

# Consolidated cash flow statement

## For the year ended 31 December 2020

in thousand €	2020	2019
<b>Operating activities</b>		
Result (loss) for the period from operations	12,642	(432)
<i>Adjustments for:</i>		
- Net finance costs	819	-
- Depreciation and impairment of right-of-use assets	14,224	14,584
- Depreciation and impairment of property, plant and equipment	3,354	5,299
- Amortisation and impairment of intangible assets	3,224	1,793
- Transfer book profit from sale and leaseback to investing activities	-	(6,404)
- Costs relating to the sale of discontinued operations	-	4,294
- Other	-	25
<i>Adjusted operating result for the period</i>	<b>34,263</b>	19,159
 Working capital adjustments:		
- Increase in inventories	(3,613)	(1,403)
- Decrease in trade and other receivables	1,632	3,200
- Increase in trade and other liabilities	9,454	2,045
<i>Change in working capital</i>	<b>7,473</b>	3,842
 Cost of share-based compensation	341	135
Guarantees	(162)	-
Income tax received	1,185	702
Discontinued operations	-	(20,599)
<b>Cash flow generated from operating activities</b>	<b>43,100</b>	3,239
 <b>Investing activities</b>		
Capital expenditure on purchase of intangible assets	(2,169)	(96)
Capital expenditure on purchase of property, plant and equipment	(1,409)	(4,301)
Capital expenditure on purchase of right-of-use assets	(171)	-
Disposals in fixed assets	244	-
Proceeds from sale and leaseback	-	19,176
Changes in non-current receivables	-	25
Divestment of subsidiaries	-	(17,562)
Discontinued operations	-	15,473
<b>Cash flow (used in)/generated from investing activities</b>	<b>(3,505)</b>	12,715

in thousand €	2020	2019
<b>Financing activities</b>		
Contribution of equity	-	5,000
Contribution of equity instruments	-	3,500
Repayment of borrowings	(4,209)	(16,504)
Proceeds from borrowings	-	3,500
Interest paid	(448)	(1,326)
Payment lease liabilities	(15,157)	(14,410)
<b>Cash flow used in financing activities</b>	<b>(19,814)</b>	<b>(20,240)</b>
<b>Movement in cash and cash equivalents</b>	<b>19,781</b>	<b>(4,286)</b>
Net foreign exchange difference	(269)	228
Opening balance	2,115	6,173
<b>Closing balance</b>	<b>21,627</b>	<b>2,115</b>

## Consolidated statement of changes in equity

in thousand €	Issued share capital	Share premium	Equity instru- ments <sup>1</sup>	Revalua- tion reserve <sup>1</sup>	Foreign currency trans- lation reserve <sup>1</sup>	Other reserves	Retained earnings	Total
Balance at 1 January 2019	439	18,434	-	3,200	548	47,265	(23,250)	46,636
Net profit/(loss) 2019	-	-	-	-	-	-	(52,575)	(52,575)
Discontinued operations	-	-	-	-	(262)	262	-	-
Other components of comprehensive income 2019	-	-	-	111	228	-	-	339
Total comprehensive income/(loss)	-	-	-	111	(34)	262	(52,575)	(52,236)
Profit appropriation 2018	-	-	-	-	-	(23,250)	23,250	-
Contributions of equity (instruments)	43	4,957	3,500	-	-	-	-	8,500
Recycling of revaluation	-	-	-	(2,925)	-	2,925	-	-
Cost of share-based compensation	-	-	-	-	-	135	-	135
<b>Balance at 31 December 2019</b>	<b>482</b>	<b>23,391</b>	<b>3,500</b>	<b>386</b>	<b>514</b>	<b>27,337</b>	<b>(52,575)</b>	<b>3,035</b>
Net profit/(loss) 2020	-	-	-	-	-	-	7,938	7,938
Other components of comprehensive income 2020	-	-	-	-	26	-	-	26
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>7,938</b>	<b>7,964</b>
Profit appropriation 2019	-	-	-	-	-	(52,575)	52,575	-
Contributions of equity	43	4,576	-	-	-	-	-	4,619
Interest on equity instruments	-	-	314	-	-	(314)	-	-
Recycling of revaluation	-	-	-	-	(236)	-	-	(236)
Cost of share-based compensation	-	-	-	-	-	341	-	341
<b>Balance at 31 December 2020</b>	<b>525</b>	<b>27,967</b>	<b>3,814</b>	<b>386</b>	<b>304</b>	<b>(25,211)</b>	<b>7,938</b>	<b>15,723</b>

<sup>1</sup> Concerns restricted equity.