

Beter Bed Holding sees continued strong sales and achieves higher net result over H1 2021

Uden, the Netherlands, 21 July 2021

Beter Bed Holding N.V. (BBH) – the Netherlands' leading sleep specialist in retail, wholesale and B2B – today announced its results for the second quarter and first half year ended 30 June 2021.

Highlights first half 2021

- Building on strong fundamentals in the online channel allowed us to moderate the effect of the mandatory lockdowns in Q1 2021, and to show a modest growth of 0.6% in sales of continuing operations in H1 2021 to € 97.2 million. Sales in the Benelux amounted to € 91.1 million (-1.0% LFL) and New Business amounted to € 6.1 million (+40.8% LFL).
- Q2 sales growth amounted to 15.5% with the Benelux growing by 14.2% LFL and New Business by 69.6% LFL respectively.
- Gross profit increased by 5.0% to € 54.3 million, resulting in net profit from continuing operations of € 4.1 million (+ 43.7%) for H1 2021.
- Order book increased by 11.3% to € 24.7 million versus one year ago, driven by 13.3% LFL order intake in Q2.
- Online sales for the Group have grown 123%, leading to a channel share of 32.7%, particularly due to a continuing strong performance in Q2 of +40.4% in the Benelux and +128% for New Business.
- Initiatives underpinning the new strategic direction are being implemented:
 - New shop format Beter Bed to go live in the Netherlands in Q3.
 - Launch of subscription label 'Leazzzy'.
 - Streamlined organisational structure by integrating Holding and Business directors into one management team.
 - New role focused on sustainability, CSR and Innovation has been established.
 - Sale of Sängjätten, the Swedish operations, successfully concluded.
- Financial position further strengthened: new financing agreement with ABN AMRO for three years replacing current facilities and perpetual loan including accrued interest repaid in cash per 20 July 2021, which clears the way to present a revised dividend policy subject to final shareholder approval. In the near term we intend to remediate the impact on our solvency as a result of the repayment of the perpetual loan.
- Outlook FY 2021: notwithstanding the current economic and health uncertainties in relation to COVID-19 we continue to feel confident delivering our 2025 medium-term objectives as presented in our Strategy Update.

John Kruijssen, CEO of BBH, comments:

"COVID-19 continued to impact the retail landscape, with the vast majority of stores closed or opened with restrictions from mid-December 2020 until end of April 2021. Through a strong increase in online sales, as well as the successful implementation of "shopping by appointment" and thorough preparations enabling a smooth reopening, the Group has been able to meet the sales levels of the first half of 2020. This is a true testament of the agility of the Group, and we have launched our new mid-term strategic plan to further build on this. We are in good shape to execute on this plan, with a new financing agreement in place for the next three years and the successful divestment of the Sängjätten operations in Sweden. With a streamlined and focused organisation, we can build on major global trends shaping the future of the bedding industry. We are launching many initiatives underpinning our strategy, including the opening of an experience store in the next quarter, the launch of our very first subscription label Leazzzy and our new CSR strategy will be presented. Although the current market circumstances still ask for some caution, we are well underway to achieve our long-term ambitions for accelerated growth."

COVID-19 update

COVID-19 continued to impact the Group in H1, predominantly due to the mandatory lockdown in the Netherlands from 15 December 2020 onwards. Although the vaccination program is well underway, driving some easing of the government measures, caution is still needed in light of the current ongoing increase in COVID-19 cases in the Netherlands. We take into account the possibility of the Dutch government again announcing further restrictive measures, but we are well equipped to continue serving our customers through online sales and shopping by appointment.

2021 H1 performance

The table below shows the key figures of the continuing operations for H1 2021, which comprises Beter Bed in the Benelux, Beddenreus in the Netherlands and our wholesale business DBC.

Key figures	2021 H1	2020 H1
Revenue (in € million)	97.2	96.6
Gross margin	55.9%	53.5%
EBITDA (in € million)	13.7	14.8
EBIT (in € million)	3.7	4.8
Net profit (in € million) from continuing operations	4.1	2.8

Financial review from continuing operations

Revenue

H1 2021 sales increased by 0.6% to € 97.2 million compared with H1 2020, as a result of good sales performance of DBC wholesale and Beter Bed Belgium, partly offset by sales decline in the Netherlands due to mandatory store closure from mid-December 2020 until the end of February 2021.

The table below shows the key figures of the business operations for H1 2021.

in million €	Revenue 2021 H1	% Growth vs 2020 H1	LFL revenue growth vs 2020 H1	LFL order intake growth vs 2020 H1	Online channel share
Benelux	91.1	-1.3%	-1.0%	-3.9%	34.0%
New Business	6.1	40.8%	40.8%	76.5%	13.3%
Total	97.2	0.6%	2.4%	0.2%	32.7%

The table below shows the key figures of the business operations for Q2 2021.

in million €	Revenue 2021 Q2	% Growth vs 2020 Q2	LFL revenue growth vs 2020 Q2	LFL order intake growth vs 2020 Q2	Online channel share
Benelux	50.4	13.2%	14.2%	10.6%	24.1%
New Business	3.2	69.6%	69.6%	85.3%	11.5%
Total	53.6	15.5%	16.8%	13.3%	23.4%

Gross profit and operating expenses

Gross profit for the first half of 2021 increased by 5.0% to € 54.3 million compared with € 51.7 million in the first half of 2020. The increase was driven by higher revenue and increased gross profit as a percentage of revenue (55.9% in the first half of 2021 versus 53.5% in the first half of 2020). Total operating expenses for the first half of 2021 amounted to € 50.6 million compared with € 46.9 million in the first half of 2020. Other operating expenses increased by € 3.3 million mainly driven by increased marketing activities to drive online order intake as well as logistic costs related to the online revenue increase.

Results

EBITDA for H1 2021 of the continuing operations amounted to € 13.7 million. The decline in EBITDA is a result of the increase in costs, mainly related to the online channel share of sales, offset by a higher gross margin.

EBIT decreased to € 3.7 million (2020 first half year € 4.8 million). Finance costs decreased by € 0.4 million, mainly due to the conversion of the shareholder loan mid-2020. Net profit amounted to € 4.1 million compared with € 2.8 million in the first half of 2020.

Cash flows and liquidity

Total cash flow from operating activities in the first half of 2021 amounted to € 12.3 million (first half of 2020 € 19.7 million). The decline in operating cash flow was mainly caused by the payment of corporate income tax of € 3.3 million (net) and an increase in inventories (€ 2.5 million).

Total cash flow from investing activities in the first half of 2021 amounted to an outflow of € 1.4 million (first half of 2020 € 1.2 million outflow). These investments include further optimisation in IT infrastructure and leasehold improvements in the stores.

Total cash flow from financing activities in the first half of 2021 amounted to an outflow of € 8.0 million, mainly related to the IFRS 16 lease payments.

Financing and solvency

Cash and cash equivalents improved with € 3.0 million in the first half year of 2021, maintaining a strong financial position.

Per 30 June 2021, the Company had an outstanding wage tax and VAT payable amount of € 5.6 million related to the COVID-19 support measures of the Dutch government. Subsequent to 30 June 2021 the outstanding amount has been fully repaid to the tax authorities.

Solvency amounted to 14.6% on 30 June 2021, compared with 13.6% as at 31 December 2020.

In July 2021 BBH renewed its financing facility with ABN AMRO for the amount of € 15.0 million. This credit facility has been agreed for a period of three years with the possibility to extend for another two years. Furthermore, the perpetual loan including accrued interest (€ 4.0 million) was repaid in cash subsequent to 30 June 2021. In the near term we intend to remediate the impact on our solvency as a result of the repayment of the perpetual loan.

Benelux

With most Benelux stores closed for a significant period of H1, the Benelux delivered a strong performance which led to an equal sales level mid-year against last year. Online grew by 40.4% in Q2 compared to last year, resulting in +121% over the first half of 2021. Investments in both technology and people equipped Beter Bed and Beddenreus to step up its performance as an online player.

Successful commercial programs around public holidays drove store traffic during semi-lockdown "by appointment only" visits – including top brands Tempur and M line 1+1 free mattress deals. To facilitate consumers a fully automated store appointment possibility was integrated in our CRM system, so that customers could easily and safely plan and book their store visit to get a tailored in-store shopping experience.

In order to improve marketing effectiveness Beter Bed implemented a profit-on-ad-spend project to drive next level of optimisation in online advertising effectiveness and efficiency. Whatsapp was added as a new customer care and sales channel for customers to get personalised advice. The digital backbone was enhanced by implementing a digital asset management system to drive more efficient and faster content creation in the marketing content production process.

New Business

DBC

In Q2 2021, sales of DBC have grown with 69.6% and order intake with 85.3% LFL leading to a LFL sales growth over the first half of 2021 of 40.8% and a LFL order intake growth of 76.5%. The order book has grown 229% per 30 June 2021 and online sales growth was 211% versus last year. All B2B customers and a growing international customer base contributed to the growth.

On 6 May 2021, DBC signed an agreement with AFC AJAX to become official sleep supplier for the coming four years as per the start of the next football season. Through partnerships with elite level athletes, sports associations and teams – such as the NOC*NSF (Dutch Olympic Committee*Dutch Sports Federation), the KNVB (the Royal Dutch Football Association) and Team Jumbo-Visma – M line is showing its commitment to the power of sponsoring and supporting sport. M line will soon be seen on the advertising boards and channels, and we are also supporting and advising AFC AJAX to draw on M line's knowledge and expertise with respect to sleep, rest and recovery.

The outlook for DBC is promising with new products, new partnerships and expanding the international retail network.

Sängjätten

As published on 9 July 2021, BBH reached agreement with the Lars Larsen Group to sell the operations in Sweden. The transaction was successfully completed with economic effect per 30 June 2021. It has been agreed between parties that no financial details will be published.

Outlook

Amidst post COVID-19 recovery, caution remains needed as there are again increases in the number of positive cases. We continue to carry out assessments to understand the potential disruptions in the supply chain, commodity prices, transportation shortage and costs and the appropriate stock levels to ensure availability for our customers and consumers.

During 2020, COVID-19 did not materially impact the financial position of the Group whilst the lockdown period in 2021 – with the vast majority of the stores closed due to government measures taken - did have some effects. However, as sales continued to be strong, the Group never had to apply for government support.

For the medium term we believe we are well-positioned to benefit from increased consumer spending and macro trends pointing at increased attention for well-being and health. With our continued digitalisation and the combination of in-store advice and online sales, we will continue to grow our sales and profitability. Notwithstanding the current economic and health uncertainties in relation to COVID-19 we continue to feel confident delivering our 2025 medium-term objectives as presented in our Strategy Update.

Risk paragraph

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

BBH operates in the bed and mattress segment. BBH's risk appetite is based on the Company's operational results, financial position and carefully considered financial management. Although the Company's daily operations involve taking risks, BBH adopts a prudent and balanced approach to those risks. More information about the risk appetite in the various categories defined by BBH is explained in the last annual consolidated financial statements for the year ended 31 December 2020.

Declaration by the Management Board

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision act (Wet op het Financieel toezicht (Wft)), the Management Board states that to the best of its knowledge the 2021 Interim financial statements, which comprise the Company and its subsidiaries (jointly 'the Group' or 'BBH') and the Group's interest in its joint venture, give a true and fair view of the condensed consolidated balance sheet, the condensed profit and loss account, the condensed statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed cash flow statement and the notes to the condensed consolidated financial statements.

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

Safe harbour statements

Forward-looking statements

Some statements included in this report contain forward-looking statements. These statements may relate to or may affect future matters concerning future results, strategies or business plans, but may also include the impact of regulatory initiatives on the operation of BBH. Forward looking statements may, without limitation, include words like "believes", "intends to", "expects", "anticipates", "will", "may", "could", "should", "intends", "estimate", "plan", "goal", "target", "aim" or expressions similar to those. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside the control of BBH and that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the 2020 Annual Report. All forward-looking statements and ambitions stated in this press release that refer to a growth or decline, refer to such growth or decline relative to the situation per 30 June 2021, unless stated otherwise.

Financial Calendar

15-10-2021	Trading update Q3-2021
21-01-2022	Trading update Q4-2021
11-03-2022	Publication annual results + annual report 2021

About Beter Bed Holding

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

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

Listed on Euronext Amsterdam, BBH operates the successful retail brands Beter Bed, Beddenreus and the new subscription brand Leazzzy.

In addition, through its subsidiary DBC International, BBH has a wholesale business in branded products in the bedroom furnishings sector, which includes the well-known international brand M line.

With 3 distribution centres, a fleet of 80 vehicles, 134 stores and a fast-growing online presence, our team of over 1,000 dedicated employees served nearly 200,000 customers in 2020, generating over € 200 million in revenue.

Providing expert sleep advice is at the very heart of our strategy, and thanks to our revolutionary Bedmatch 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 and the KNVB.

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Interim financial statements 2021

Condensed consolidated balance sheet

in thousand €	30-6-2021	31-12-2020
Non-current assets		
Intangible assets	8,101	10,391
Property, plant and equipment	4,546	5,512
Right-of-use assets	45,962	39,613
Deferred tax assets	3,931	1,986
Other non-current financial assets	244	1,454
Total non-current assets	62,784	58,956
Current assets		
Inventories	26,347	25,846
Trade receivables	3,350	2,180
Income tax receivable	-	284
Other receivables	4,376	6,673
Cash and cash equivalents	24,587	21,627
	58,660	56,610
Assets held for sale	8,553	-
Total current assets	67,213	56,610
Total assets	129,997	115,566

in thousand €

30-6-2021

31-12-2020

Equity

Issued share capital	525	525
Share premium	27,967	27,967
Equity instruments	3,994	3,814
Revaluation reserve	386	386
Foreign currency translation reserve	296	304
Other reserves	(17,839)	(25,211)
Retained earnings	3,651	7,938
Total equity attributable to equity holders of the parent	18,980	15,723

Liabilities

Non-current liabilities

Lease liabilities	34,128	28,913
Deferred tax liabilities	734	841
	34,862	29,754

Current liabilities

Borrowings	2,285	2,285
Lease liabilities	14,564	14,859
Trade payables	16,252	20,871
Income tax payable	630	3,544
Other taxes and social security contributions	17,004	10,888
Other liabilities	17,827	17,642
	68,562	70,089
Liabilities directly associated with the assets held for sale	7,593	-
Total liabilities	111,017	99,843

Total equity and liabilities

129,997 **115,566**

Condensed consolidated profit and loss account

in thousand €, unless otherwise stated

First half year

	2021	2020 ¹
Continuing operations		
Revenue	97,197	96,641
Materials and services from third parties	(42,869)	(44,895)
Gross profit	54,328	51,746
Personnel expenses	(21,700)	(21,007)
Depreciation, amortisation and impairment	(9,971)	(9,973)
Other operating expenses	(18,949)	(15,939)
Total operating expenses	(50,620)	(46,919)
Operating profit (EBIT)	3,708	4,827
Finance costs	(377)	(771)
Profit before tax	3,331	4,056
Income tax	742	(1,221)
Net profit from continuing operations	4,073	2,835
Discontinued operations		
Profit after tax from discontinued operations	(422)	(794)
Net profit	3,651	2,041
Earnings per share from all operations		
Earnings per share in €	0.14	0.08
Diluted earnings per share in €	0.14	0.08
Earnings per share from continuing operations		
Earnings per share in €	0.16	0.12
Diluted earnings per share in €	0.16	0.12

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

Condensed consolidated statement of comprehensive income

in thousand €	First half year	
	2021	2020
Profit for the year	3,651	2,041
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	(11)	(30)
Tax effect relating to exchange differences	3	7
Other comprehensive income / (loss) for the year, net of tax	(8)	(23)
Total comprehensive income for the year, net of tax	3,643	2,018

Condensed consolidated cash flow statement

in thousand €

First half year

2021 2020¹

	2021	2020 ¹
Operating activities		
Result (loss) for the period from operations	3,708	4,827
<i>Adjustments for:</i>		
- Income taxes	(688)	-
- Depreciation and impairment of right-of-use assets	7,325	7,414
- Depreciation and impairment of property, plant and equipment	1,121	1,717
- Amortisation and impairment of intangible assets	1,525	842
<i>Adjusted operating result for the period</i>	12,991	14,800
 Working capital adjustments:		
- Decrease/(increase) in inventories	(2,539)	1,165
- Decrease/(increase) in trade and other receivables	73	1,193
- Increase/(decrease) in trade and other liabilities	6,224	3,577
<i>Change in working capital</i>	3,758	5,935
 Share-based compensation	(386)	37
Other Financial Assets	81	-
Income tax received/(paid)	(3,260)	(15)
Discontinued operations	(841)	(1,083)
Cash flow generated from operating activities	12,343	19,674
 Investing activities		
Capital expenditure on purchase of intangible assets	(632)	(825)
Capital expenditure on purchase of property, plant and equipment	(680)	(556)
Disposals in fixed assets	-	9
Discontinued operations	(81)	125
Cash flow (used in)/generated from investing activities	(1,393)	(1,247)
 Financing activities		
Repayment of borrowings	-	(2,171)
Interest paid	(377)	(575)
Payment lease liabilities	(7,093)	(7,481)
Discontinued operations	(535)	(506)
Cash flow from/(used) in financing activities	(8,005)	(10,733)
 Movement in cash and cash equivalents	2,945	7,694
Net foreign exchange difference	15	(258)
Opening balance	21,627	2,115
Closing balance	24,587	9,551

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

Condensed consolidated statement of changes in equity

in thousand €	Issued share capital	Share premium	Equity instru- ments	Revalua- tion reserve	Foreign currency trans- lation reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2020	482	23,391	3,500	386	514	27,337	(52,575)	3,035
Net profit/(loss) 2020	-	-	-	-	-	-	2,041	2,041
Other components of comprehensive income 2020	-	-	-	-	(23)	-	-	(23)
Total comprehensive income/(loss)	-	-	-	-	(23)	-	2,041	2,018
Profit appropriation 2019	-	-	-	-	-	(52,575)	52,575	-
Interest on equity instruments	-	-	131	-	-	-	-	131
Recycling of revaluation	-	-	-	-	(236)	-	-	(236)
Cost of share-based compensation	-	-	-	-	-	37	-	37
Balance at 30 June 2020	482	23,391	3,631	386	255	(25,201)	2,041	4,985
Balance at 1 January 2021	525	27,967	3,814	386	304	(25,211)	7,938	15,723
Net profit/(loss) 2021	-	-	-	-	-	-	3,651	3,651
Other components of comprehensive income 2021	-	-	-	-	(8)	-	-	(8)
Total comprehensive income	-	-	-	-	(8)	-	3,651	3,643
Profit appropriation 2020	-	-	-	-	-	7,938	(7,938)	-
Interest on equity instruments	-	-	180	-	-	(180)	-	-
Cost of share-based compensation	-	-	-	-	-	(386)	-	(386)
Balance at 30 June 2021	525	27,967	3,994	386	296	(17,839)	3,651	18,980

Notes to the condensed consolidated interim financial statements

General notes

Beter Bed Holding N.V. (BBH) operates in the European bedroom furnishings market. Its activities include retail trade through the chains Beter Bed, Beddenreus, and Sängjätten (up to and including June 2021). BBH is also active in the field of developing and wholesaling branded products in the bedroom furnishing sector via its subsidiary DBC International. The registered office of BBH is Linie 27 in Uden, the Netherlands. BBH shares are listed on Euronext Amsterdam. The consolidated interim report comprise the financial information of the Company itself and that of its subsidiaries (referred to together as the Group).

The consolidated interim report of the Group has been prepared by the Management Board and discussed and approved in the meeting of the Supervisory Board on 20 July 2021.

Basis of preparation and changed accounting policies

Basis of preparation

The consolidated interim financial data of BBH included in this interim report, consist of the condensed consolidated balance sheet as per 30 June 2021; the condensed consolidated profit and loss account; the condensed consolidated statement of comprehensive income; the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the period from 1 January 2021 to 30 June 2021, plus the notes. This interim report has not been audited or reviewed by an independent external auditor. This consolidated interim report has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS) and specifically in accordance with accounting standard IAS 34, 'Interim Financial Reporting'. The notes constitute an integral part of this condensed consolidated interim report. BBH defines EBITDA as follows: operating profit plus depreciation, amortisation, impairments and book value of disposals.

The interim report does not contain all the notes and information as required for full annual financial statements and is to be reviewed in conjunction with the Group's consolidated financial statements for 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended 31 December 2020.

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

The accounting principles and policies for the determination of the result are identical to those for the 2020 financial statements.

The consolidated financial statements have been prepared in euros and all amounts have been rounded off to thousands (€ 000), unless stated otherwise.

Changes in significant accounting policies

In 2021, no new accounting standards will be adopted by BBH that will materially impact the financial statements.

Estimates

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

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

Unless otherwise specified, in the preparation of this consolidated interim report the significant judgements formed by the management in the application of the Group's financial reporting standards and the main sources of estimation used are identical to the judgements and sources used in preparing the consolidated financial statements for the 2020 financial year.

Non-current assets held for sale and discontinued operations

BBH classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant & equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated balance sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or;
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Consequently the comparative figures have been adjusted accordingly.

Risk

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

BBH operates in the bed and mattress segment. BBH's risk appetite is based on the Company's operational results, financial position, and carefully considered financial management. Although our daily operations involve taking risks, BBH adopts a prudent and balanced approach to risk. More information about the risk appetite in the various categories defined by BBH is explained in the last annual consolidated financial statements for the year ended 31 December 2020.

Short-term risks mainly relate to the uncertainties regarding COVID-19 government regulation and measures.

Seasonality

Owing to the seasonal pattern in consumer demand sales and EBITDA are usually lower in the second and third quarter than in the first and fourth quarter. Sales over the first half year compared to the second half year do usually not include a seasonal pattern.

Related parties

The financial relationships between BBH and its participating interests consist almost fully of receiving dividends and receiving interest on loans provided.

Translation of foreign currency

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

	SEK/EUR	USD/EUR
Year-end exchange rates		
30-6-2020	10.4948	1.1198
31-12-2020	10.0343	1.2271
30-6-2021	10.1110	1.1884
Average exchange rates		
H1 2020	10.6610	1.1015
H1 2021	10.1359	1.2062

Notes to the condensed consolidated balance sheet

Assets held for sale and liabilities directly associated with the assets held for sale

BBH announced on 28 May 2021 that it entered into a non-binding term sheet with the Lars Larsen Group for negotiations for the sale of the Sängjätten activities. As a result BBH presents the related assets and liabilities as assets and liabilities available held for sale per 30 June 2021. The divestment was completed on 9 July 2021.

Assets Held for Sale

in thousand €

Intangible assets	1,247
Property, plant and equipment	485
Right-of-use assets	2,377
Other non-current financial assets	1,092
Current assets	3,352
Assets held for sale per 30 June 2021	8,553

Liabilities directly associated with the assets held for sale

in thousand €

Lease liabilities	(3,404)
Current liabilities	(4,189)
Liabilities directly associated with the assets held for sale per 30 June 2021	(7,593)

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.

Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make a contractual payment for a period of greater than 120 days past due. The carrying amounts of trade and other receivables are considered to be the same as their fair values, due to their short-term nature.

Equity

The movements in the equity items are shown in the consolidated statement of changes in equity. As per 30 June 2021, a total of 26,240,397 shares were issued and paid up. During the reporting period, the number of issued and fully paid shares remained unchanged. BBH does not hold shares in portfolio.

The average number of outstanding shares during the reporting period for the calculation of the earnings per share was 26,240,397. The number of shares used to calculate the diluted earnings per share is equal to 26,240,397.

During the reporting period, no dividend was paid.

Notes to the condensed consolidated profit and loss account

Income taxes

As a result of the divestment of the Swedish business activities, BBH recognised a tax credit with the Dutch tax authorities in anticipation of the intended liquidation of the Swedish legal entities.

Other information

Post-balance sheet events

The following subsequent events have occurred after 30 June 2021 at BBH.

Refinancing

Subsequently to balance sheet date, BBH entered into a credit facility with ABN-AMRO for the amount of € 15.0 million. This credit facility has been agreed for a period of three years with the possibility to extend for another two years. Most important covenants are i) net debt/ EBITDA ratio of 2.5 and ii) solvency ratio excluding IFRS 16 for financial year 2021 of 15%.

This credit facility replaces the credit facilities available per balance sheet date.

Sale of the Swedish business activities

BBH completed the sale of its Swedish business Sjängjätten to Sengespecialisten, a Danish subsidiary of the Lars Larsen Group. The business will be operated through a Swedish entity. Following the agreement reached on 28 May 2021, Lars Larsen Group has concluded its due diligence and all approvals have been obtained. The transaction is completed with economic effect per 30 June 2021. The divestment is completed via a business transfer agreement whereby the Swedish legal entities remain under control of BBH. The deal will result in a book profit in HY2 2021.

Perpetual loan

In July 2021, BBH repaid the perpetual loan including its accrued interest amounting to € 4.0 million, in full in cash.

COVID-19 measurements

An amount of € 5.6 million is included the "Other taxes and social securities contributions" as per 30 June 2021, related to deferred VAT and wage-tax payments following the COVID-19 support measures of the Dutch government. Between balance sheet date and publication date, this amount has been repaid in full. BBH did not apply for the NOW and TVL facilities and as a result of the repayment of the deferred taxes no amounts are outstanding to the Dutch government.

Statement from the Management Board

The Management Board, to the best of her knowledge, hereby confirms that:

- the interim financial statements 2021 give a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the company and the entities included in the consolidation;
- the interim financial statements 2021 give a true and fair view of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and, the most important related party transactions.

Uden, the Netherlands, 20 July 2021

Management Board

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

G.E.A. Reijnen,
CFO