

## Beter Bed Holding N.V.: strong performance in first half year with sales growth of 9.9%

Uden, the Netherlands, 17 July 2020

### Highlights first half 2020

- Strong H1 2020 sales growth of 9.9% to € 103.5 million. Sales in Benelux amounted to € 92.3 million (+10.5% like for like) and New Business amounted to € 11.2 million (+5.4% like for like).
- In Q2 sales growth of 12.0% to € 49.1 million. Benelux amounted to € 44.5 million (+14.2% like for like) and New Business amounted to € 4.6 million (+7.8% like for like) respectively.
- High order intake levels have resulted in record level order book of € 23.5 million (+60.2% versus 30 June 2019), creating a solid buffer given the unprecedented times upcoming.
- Order intake in Benelux in Q2 (+56.6% like for like) and New Business (+23.2% like for like) resulting in H1 increase in order intake of +22.5% like for like.
- Online sales for the Group has grown 71.4%, leading to a channel share of 14.0% particularly due to a strong performance in Q2 of +114.9% in Benelux and +130.3% for New Business.
- Sängjätten has made significant steps towards a better performance.
- The strategic initiatives are starting to pay off resulting in an EBITDA performance of € 14.2 million versus € 11.1 million in 2019 despite COVID-19 closures in Belgium, a higher marketing investment and logistic expenses related to the higher order intake.
- Both banks and shareholders expressed confidence in Beter Bed Holding N.V. with extension of the current financing facilities and conversion of the shareholder loan plus incurred interest into newly issued shares. The conversion of the interest will be based on an average market share price before this publication and the conversion of the principal amount will be based on an average market share price after this publication, the latter with a modest discount. A maximum number of 2.15 million shares can be issued for this transaction. Furthermore, Beter Bed Holding N.V. agreed to decrease the interest rate applicable to the perpetual loan for the next 12 months.
- COVID-19 did affect the Group's order intake in the last two weeks of March. However, our first and primary focus was the wellbeing of our employees, customers and other stakeholders, allowing the majority of our stores to remain open and delivering our products to our valued customers. Our crisis team focused on further strengthening the relationships with key suppliers ensuring continuity in our supply chain. Furthermore, we repurposed employees towards the online proposition to meet the shifting purchasing behaviour of our customers. After the first few weeks, we saw a steep increase in revenues and results, with a significant growth in our online channel.

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

*"After a strong start of the year during Q1 we experienced the effect of COVID-19 leading to an enormous drop in traffic and order intake in the last two weeks of March. We responded immediately by stepping up the pace online, through the implementation of precautionary measures in order to keep the stores, warehouse and logistics as well as the offices in business and through well-chosen marketing campaigns to stay connected with our consumers. In April, we experienced the first positive effects of this approach and through May and June, we saw spectacular improvements of our order intake in both online and offline. We recorded more traffic, improved conversion and higher ticket value per customer. In these unprecedented times we continued to communicate to our consumers the importance of the quality of sleep. Through marketing campaigns with very high quality products like M line and Tempur, we delivered our customer promise.*

*Concluding H1, the company proved to be resilient by formulating adequate responses to the COVID-19 crisis, working together with dedicated employees, supported by committed suppliers and rewarded by many loyal and new customers.*

*Although the market circumstances are expected to remain challenging, we are confident about our performance. Beter Bed Holding is financially stable, shows resilience to deliver under difficult circumstances and has a great believe - **Quality sleep for everyone, all the time.***

*By focusing on the longer term and investing in value creation for our customers and stakeholders, we believe we can turn this crisis into an opportunity, where Beter Bed Holding N.V. is well-positioned in the new era we live in."*

## 2020 H1 performance

The table below shows the key figures of the business operations for H1 2020, which comprises Beter Bed in the Benelux, Beddenreus in the Netherlands, Sängjätten in Sweden and our wholesale business DBC.

Continuing operations in € million	2020 H1	2019 H1
Revenue	<b>103.5</b>	94.2
Gross Margin	<b>53.5%</b>	52.8%
EBITDA	<b>14.2</b>	11.1
EBIT	<b>4.1</b>	0.4
Net profit (loss) after tax from continuing operations	<b>2.0</b>	(0.7)
Operating cash flow	<b>19.7</b>	(22.2)
Total cash flow	<b>7.7</b>	(2.3)

## Financial review

### Revenue

H1 2020 sales increased by 9.9% to € 103.5 million compared to H1 2019 due to good sales performance in both the Benelux operations and New Business (Sweden and DBC wholesale).

The table below shows the key figures of the business operations for H1 2020.

in million €	Revenue 2020 H1	% Growth vs 2019 H1	LFL revenue growth vs 2019 H1	LFL order intake growth vs 2019 H1	Online revenue as % of total revenue
Benelux	<b>92.3</b>	11.1%	10.5%	24.1%	<b>15.2%</b>
New Business	<b>11.2</b>	0.8%	5.4%	8.8%	<b>4.6%</b>
<b>Total</b>	<b>103.5</b>	9.9%	9.9%	22.5%	<b>14.0%</b>

The table below shows the key figures of the business operations for Q2 2020.

in million €	Revenue 2020 Q2	% Growth vs 2019 Q2	LFL revenue growth vs 2019 Q2	LFL order intake growth vs 2019 Q2	Online revenue as % of total revenue
Benelux	<b>44.5</b>	15.0%	14.2%	56.6%	<b>19.5%</b>
New Business	<b>4.6</b>	-10.4%	7.8%	23.2%	<b>5.1%</b>
<b>Total</b>	<b>49.1</b>	12.0%	13.6%	53.2%	<b>18.1%</b>

### Gross profit and operating expenses

Gross profit for the first half increased by 11.3% to € 55.3 million compared to € 49.7 million in the first half of 2019. The increase was driven by higher revenue and increased gross profit as a percentage of revenue (53.5% in the first half of 2020 versus 52.8% in the first half of 2019). Total operating expenses for the first half of 2020 amounted to € 51.3 million compared to € 49.4 million in the first half of 2019. Other operating expenses increased by € 2.8 million mainly driven by increased marketing activities to drive order intake as well as logistic costs related to the revenue increase.

### Results

EBITDA for H1 2020 of the continuing operations amounted to € 14.2 million. The strategic initiatives are starting to pay off, leading to a robust EBITDA despite COVID-19 closures in Belgium, a higher marketing investment and logistic expenses related to the higher order intake.

EBIT increased to € 4.1 million (2019 first half year € 0.4 million). Finance costs increased by € 0.5 million, mainly as a result of interest costs related to the shareholder loan. Net profit amounted to € 2.0 million compared to a net loss of € 0.7 million in the first half of 2019 (from continuing operations).

### Cash flows and liquidity

Total cash flow from operating activities in the first half 2020 amounted to € 19.7 million (first half 2019 € 8.4 million for continuing operations). Operational cash flow generation was positive and we have achieved working capital improvements in all areas.

Total cash flow from investing activities in the first half of 2020 amounted to an outflow of € 1.2 million (first half of 2019 € 1.3 million outflow for continuing operations), reflecting our discipline in allocating resources in key strategic activities while optimising costs and improving efficiency.

Total cash flow from financing activities in the first half of 2020 amounted to an outflow of € 10.7 million, mainly related due to deleveraging and IFRS-16 lease payments.

The net debt position including cash and cash equivalents improved significantly in the first half year of 2020. On 30 June 2020, the Group reported a net cash position of € 1.7 million (31 December 2019, a net debt position 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 will be converted into newly issued shares. The conversion of the interest will be based on an average market share price before this publication and the conversion of the principal amount will be based on an average market share price after this publication, the latter with a modest discount. A maximum number of shares to be issued for this transaction is 2.15 million shares. Finally, Beter Bed Holding N.V. agreed to decrease the interest rate applicable to the perpetual loan to 10% for the next 12 months.

Solvency amounted to 5.1% on 30 June 2020, compared to 3.1% as at 31 December 2019.

### COVID-19 update

Following the outbreak of the coronavirus we were forced to close our stores in Belgium as from 17 March 2020 and they reopened on 11 May 2020. Following the announcement of the measures by Dutch authorities, we saw a decrease in traffic in our Dutch stores. After a strong negative effect on order intake in the last two weeks of March, we have been able to mitigate the impact by further boosting our online channel, dedicating our resources to servicing customers through digital options like chat, WhatsApp, 'call me now' and the possibility to plan for private-appointments enabling Beter Bed and Beddenreus to further improve conversion rates.

We received government support in Belgium, as a result of the mandatory close-down of stores, and received a similar support structure in Sweden in the first half year.

We carried out an assessment to understand the potential risk of suppliers not delivering, including the potential impact on raw materials and (semi) finished products. Our Group maintained close contact with suppliers to monitor risks and secure supply when needed. Marketing campaigns were designed based upon secured availability of supplies. To safeguard the continuity of our business in these unprecedented times, we have taken precautionary measures, including a greater focus on cost control, disciplined capital and strict cash flow management. Financing arrangements with banks are secured for the longer term.

### Benelux

Our Benelux business experienced a strong growth in Q2, despite concluding the first quarter at minus 0.2% order intake due to the effects of the COVID-19 pandemic. Ultimately H1 sales increased by 11.1% to € 92.3 million compared to last year, representing a 10.5% like-for-like sales growth, driven by solid performance of our retail stores as well as our online proposition. The pandemic has fundamentally altered consumer behaviour and retail operations, making digital adoption and transformation a necessity. We are well positioned and prepared to achieve the digital transformation required to survive this difficult period and prevail in the new normal.

Stores in Belgium closed for a period of 9 weeks, however, sales lost during the mandatory closing has 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.

Online performance has seen tremendous growth rates on the back of COVID-19 acceleration and the shifting consumer behaviour towards online with H1 online sales channel share increasing from 10.5% end of 2019 to 15.2% while stores also outperformed last year sales results. Focus on online acceleration and additional investments in online always-on marketing campaigns have resulted in growth in both our owned and operated websites as well as strong performance on 3rd party marketplaces. Furthermore, online specific assortment and propositions have been introduced such as the Bamboo Cool mattress line and box spring lease, appealing to a broader range of customers.

### New Business

The New Business operations, comprising Sängjätten in Sweden and the DBC wholesale business, realised € 11.2 million sales, representing a 0.8% increase compared to last year. Order intakes developed with +39.9% in DBC and -5.2% in Sängjätten on a like-for-like basis.

**DBC** experienced strong order intake and sales in the first half of 2020 despite COVID-19 measures across countries. After a strong sales and order intake start in the first quarter, our business was affected by COVID-19 late March. Due to strong promotions, increased online sales focus and intensified marketing activity, sales within the dealer network internationally increased significantly. In general the domestic market is performing strong and online sales are developing according to plan. In the international wholesale and B2B segments, the willingness to invest in new developments has slowed down in Q2, which we believe to be temporary.

**Sängjätten** has repositioned the brand and changed assortment, focusing on sleep expertise and upgrading the look and feel of the stores. The support structure has been simplified, leading to a significant decrease in overhead cost. In Q2 the franchise model was re-introduced in Sweden. Year-to-date three own stores have been converted to franchise stores and one external franchisee joined. The combination of store closures in Q1 and the conversion of some company operated stores to franchise lead to lower sales, but had a positive effect on the overall result (higher gross margin and lower cost).

We expect some more stores to be converted to franchise in H2. The ongoing marketing campaign “Good sleep Guaranteed” has started positive and the effect of the cost decisions is expected to lead to further improvement of the result of Sängjätten during the rest of the year.

## Outlook

Following the COVID-19 worldwide outbreak, the Group carried out an assessment to understand the potential risk of suppliers not delivering, including the potential impact on raw materials and (semi) finished products. During the period, the Group further strengthened the relationships with our key suppliers ensuring continuity in our supply chain. Marketing campaigns were designed based upon secured availability of supplies. To safeguard the continuity of our business in these unprecedented times we have taken precautionary measures, including a greater focus on cost control, disciplined capital and strict cash flow management. Taken this into account, COVID-19 did not materially impact the financial position of the Group during the first half year.

It is not possible to determine the ultimate impact of the COVID-19 pandemic on our business operations and financial results. However, management will remain focusing on the business and the Group's financial position in the upcoming period. Beter Bed Holding N.V. has shown resilience over the last 2 years, combined with a successful H1 2020, the buffer from an all-time high order book and a financially healthy company gives us confidence that we will be able to face the challenges ahead.

## Risk paragraph

Beter Bed Holding N.V. operations are based on the Group's strategic objectives which are related to opportunities and risks. In this respect a risk management system to monitor and control the Group's most important risks has been implemented. The organisation applies a matrix that describes the risks, their (financial) impact, the probability of their occurrence, the 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. The risks are classified in the categories Financial, Operational, Board and Management, Legal, Social, Information and Tax.

Beter Bed Holding N.V. operates in the bed and mattress segment. Beter Bed Holding N.V.'s risk appetite is based on the operational results, the financial position and a carefully considered financial management. Although the Company's daily operations involve taking risks, Beter Bed Holding N.V. adopts a carefully considered and balanced approach to those risks. More information about the risk appetite in the various categories defined by Beter Bed Holding N.V. is explained in the last annual consolidated financial statements for the year ended 31 December 2019.

## Declaration by the Executive Board

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision act (Wet op het Financieel toezicht (Wft)), the Executive Board states that to the best of its knowledge the 2020 Interim financial statements, which comprise the Company and its subsidiaries (jointly 'the Group' or 'Beter Bed Holding N.V.')

 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 Beter Bed Holding N.V. 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 Beter Bed Holding N.V. and that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the 2019 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 2020, unless stated otherwise.

## Financial Calendar

23-10-2020	Trading update Q3-2020
22-01-2021	Trading update Q4-2020
12-03-2021	Publication annual results 2020
19-03-2021	Publication annual report 2020

## About Beter Bed Holding

Beter Bed Holding N.V. is a retail and wholesale organisation that offers its customers the best quality rest at affordable prices. The Group operates offline through physical stores and online through its own web shops for the specific brands. The Group is also active on national and international online retail platforms.

The Group operates in the following regions:

- The Netherlands and Belgium, via the Beter Bed brand and Beddenreus brand (only in the Netherlands).
- Sweden, via the Sängjätten brand.

Beter Bed Holding N.V. also has, via its subsidiary DBC International, a wholesale business in branded products in the bedroom furnishings sector, including international brands such as M line and Wave.

At year-end 2019 the Group had 161 stores representing revenue of approximately € 186 million with an increasingly relevant share of online revenue.

Beter Bed Holding N.V. is listed on Euronext Amsterdam with security code BBED NL0000339703.

### FOR MORE INFORMATION:

Press enquiries: Uneke Dekkers / CFF Communications  
T +31 (0)20 575 4010 or M +31 (0)6 50261626  
E [uneke.dekkers@cffcommunications.nl](mailto:uneke.dekkers@cffcommunications.nl)

# Interim financial statements 2020

## Condensed consolidated balance sheet

in thousand €	30-6-2020	31-12-2019
<b>Non-current assets</b>		
Intangible assets	8,278	8,483
Property, plant and equipment	9,312	10,596
Right-of-use assets	36,302	41,747
Deferred tax assets	2,012	2,087
Other non-current financial assets	64	64
<b>Total non-current assets</b>	<b>55,968</b>	<b>62,977</b>
<b>Current assets</b>		
Inventories	21,284	22,233
Trade receivables	3,790	1,830
Income tax receivable	1,557	1,594
Other receivables	6,424	8,655
Cash and cash equivalents	9,551	2,115
<b>Total current assets</b>	<b>42,606</b>	<b>36,427</b>
<b>Total assets</b>	<b>98,574</b>	<b>99,404</b>

in thousand €

30-6-2020

31-12-2019

## Equity

Issued share capital	482	482
Share premium	23,391	23,391
Equity instruments	3,631	3,500
Revaluation reserve	386	386
Foreign currency translation reserve	255	514
Other reserves	(25,201)	27,337
Retained earnings	2,041	(52,575)
<b>Total equity attributable to equity holders of the parent</b>	<b>4,985</b>	<b>3,035</b>

## Liabilities

### Non-current liabilities

Lease liabilities	24,504	29,241
Deferred tax liabilities	802	802
	<b>25,306</b>	<b>30,043</b>

### Current liabilities

Borrowings	7,823	9,994
Lease liabilities	15,667	16,346
Trade payables	14,526	14,182
Income tax payable	1,094	-
Other taxes and social security contributions	10,609	7,532
Other liabilities	18,564	18,272
	<b>68,283</b>	<b>66,326</b>

### Total liabilities

	<b>93,589</b>	<b>96,369</b>
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### Total equity and liabilities

	<b>98,574</b>	<b>99,404</b>
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## Condensed consolidated profit and loss account

in thousand €, unless otherwise stated

First half year

	2020	2019
<b>Continuing operations</b>		
Revenue	103,478	94,158
Materials and services from third parties	(48,142)	(44,427)
<b>Gross profit</b>	55,336	49,731
Personnel expenses	(23,024)	(23,304)
Depreciation, amortisation and impairment	(10,150)	(10,766)
Other operating expenses	(18,081)	(15,282)
Total operating expenses	(51,255)	(49,352)
<b>Operating profit (EBIT)</b>	4,081	379
Finance costs	(819)	(338)
<b>Profit before taxation</b>	3,262	41
Income tax	(1,221)	(746)
<b>Net profit / (loss) from continuing operations</b>	2,041	(705)
Profit / (loss) from discontinued operations, net of tax	-	(21,945)
<b>Net profit (loss) attributable to shareholders</b>	2,041	(22,650)
<b>Earnings per share attributable to shareholders</b>		
Earnings per share in €	0.08	(1.03)
Diluted earnings per share in €	0.08	(1.03)
<b>Earnings per share from continuing operations</b>		
Earnings per share in €	0.08	(0.03)
Diluted earnings per share in €	0.08	(0.03)

## Condensed consolidated statement of comprehensive income

in thousand €	First half year	
	2020	2019
<b>Profit/(Loss) for the year</b>	<b>2,041</b>	(22,650)
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Revaluation of land	-	(241)
Tax effect relating to revaluation	-	60
<i>Items that may be reclassified to profit or loss (net of tax):</i>		
Exchange differences on translation of foreign operations	<b>(23)</b>	(170)
<b>Total comprehensive income, net of tax</b>	<b>2,018</b>	(23,001)
<b>Total comprehensive income, net of tax</b>		
Continuing operations	<b>2,018</b>	(1,056)
Discontinued operations	-	(21,945)
<b>Total comprehensive income, net of tax</b>	<b>2,018</b>	(23,001)

The amounts listed above are net amounts. In principle the movement in reserve for translation differences is fully recyclable. The movement in revaluation is not. There is no tax impact on the translation differences reserve.

## Condensed consolidated cash flow statement

in thousand €

First half year

	2020	2019
<b>Operating activities</b>		
Result (loss) for the period from operations (EBIT)	4,081	379
<i>Adjustments for:</i>		
- Depreciation and impairment right-of-use assets	7,414	7,400
- Depreciation and impairment of property, plant and equipment	1,840	2,455
- Amortisation and impairment of intangible assets	896	925
<i>Adjusted operating result for the period</i>	<b>14,231</b>	<b>11,159</b>
<i>Working capital adjustments:</i>		
- Decrease / (Increase) in inventories	949	2,508
- Decrease / (Increase) in trade and other receivables	760	1,393
- Increase / (Decrease) in trade and other liabilities	3,713	(5,728)
<i>Change in working capital</i>	<b>5,422</b>	<b>(1,827)</b>
Costs of share-based compensation	37	41
Income tax received/(paid)	(15)	(1,005)
Discontinued operations	-	(30,615)
<b>Cash flow from operating activities</b>	<b>19,675</b>	<b>(22,247)</b>
<b>Investing activities</b>		
Capital expenditure on purchase of intangible assets	(700)	(1,584)
Capital expenditure on purchase of property, plant and equipment	(556)	(570)
Disposals in Fixed Assets	9	897
Discontinued operations	-	16,452
<b>Cash flow used in investing activities</b>	<b>(1,247)</b>	<b>15,195</b>
<b>Financing activities</b>		
Repayment of borrowings	(2,171)	-
Proceeds from borrowings	-	11,110
Interest paid	(575)	(540)
Payment lease liabilities	(7,987)	(7,200)
Discontinued operations	-	1,407
<b>Cash flow from / (used in) financing activities</b>	<b>(10,733)</b>	<b>4,777</b>
<b>Movement in cash and cash equivalents</b>	<b>7,695</b>	<b>(2,275)</b>
Net foreign exchange difference	(259)	(122)
Opening balance	2,115	6,173
<b>Closing balance</b>	<b>9,551</b>	<b>3,776</b>

## Condensed consolidated statement of changes in equity

in thousand €	Issued share capital	Share premium reserve	Equity Instru- ments	Revalua- tion reserve	Foreign currency trans- lation reserve	Other reserves	Retained earnings	Total
<b>Balance on 1 Jan. 2019</b>	<b>439</b>	<b>18,434</b>	-	<b>548</b>	<b>3,200</b>	<b>47,265</b>	<b>(23,250)</b>	<b>46,636</b>
Net profit (loss) 2019	-	-	-	-	-	-	(22,650)	(22,650)
Other components of comprehensive income 2019	-	-	-	(181)	(170)	-	-	(351)
Profit appropriation 2018	-	-	-	-	-	(23,250)	23,250	-
Costs of share-based compensation	-	-	-	-	-	41	-	41
<b>Balance on 30 June 2019</b>	<b>439</b>	<b>18,434</b>	-	<b>367</b>	<b>3,030</b>	<b>24,056</b>	<b>(22,650)</b>	<b>23,676</b>
<b>Balance on 1 Jan. 2020</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	-	-	-	-	-	-	2,041	2,041
Other components of comprehensive income 2020	-	-	-	-	(23)	-	-	(23)
Profit appropriation 2019	-	-	-	-	-	(52,575)	52,575	-
Foreign currency effects	-	-	-	-	(236)	-	-	(236)
Interest on equity instruments	-	-	131	-	-	-	-	131
Costs of share-based compensation	-	-	-	-	-	37	-	37
<b>Balance on 30 June 2020</b>	<b>482</b>	<b>23,391</b>	<b>3,631</b>	<b>386</b>	<b>255</b>	<b>(25,201)</b>	<b>2,041</b>	<b>4,985</b>

## General notes

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through the chains Beter Bed, Beddenreus, Sängjätten and Matratzen Concord (until 2 December 2019). Beter Bed Holding N.V. 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 Beter Bed Holding N.V. is Linie 27 in Uden, the Netherlands. Beter Bed Holding N.V.'s 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 Executive Board and discussed and approved in the meeting of the Supervisory Board on 16 July 2020.

### Going concern

Following the COVID-19 worldwide outbreak, the group carried out an assessment to understand the potential risk of suppliers not delivering, including the potential impact on raw materials and (semi) finished products. During the period, the group remained in contact with suppliers to monitor risks and secure supplies. Marketing campaigns were designed based upon secured availability of supplies. To safeguard the continuity of our business in these unprecedented times we have taken precautionary measures, including a greater focus on cost control, disciplined capital and strict cash flow management. Taken this into account, COVID-19 did not materially impact the financial position of the group during the first half year.

It is not possible to determine the ultimate impact of the COVID-19 pandemic on our business operations and financial results, which is highly dependent on numerous factors, including:

- the duration and spread of the pandemic and any resurgence of COVID-19;
- actions taken by governments, domestically and in international relations;
- the response of businesses and individuals to the pandemic;
- the impact of the pandemic on business and economic conditions;
- consumer demands;
- logistic service providers.

Taken into account the aforementioned uncertainties, management will remain focusing on the business and the group's financial position in the upcoming period.

As a result of the current strong performance of the group, taken into account a solid cash position as well as positive operating results, no impairment triggers were identified. The group assessed whether there were any triggering events on both working capital positions as well as (in)tangible fixed assets. As a consequence, we do not have any reason to believe that the group is not able to continue as a going concern.

## Basis of preparation and changed accounting policies

### Basis of preparation

The consolidated interim financial data of Beter Bed Holding N.V. included in this interim report, consist of the condensed consolidated balance sheet as per 30 June 2020; 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 2020 to 30 June 2020, 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. Beter Bed Holding N.V. 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 2019. 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 2019.

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 2019 financial statements.

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

Beter Bed Holding N.V. established a new subsidiary as per 14 May 2020 being Nordic Bedding Company (NBC) B.V. 100% of the shares are held by Beter Bed Holding N.V.

### Changes in significant accounting policies

In 2020, no new accounting standards will be adopted by Beter Bed Holding N.V. that will materially impact the financial statements.

### Estimates

In preparing the consolidated interim report, the Management Board is required to exercise judgment, 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 judgments, 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 judgments and sources used in preparing the consolidated financial statements for the 2019 financial year.

### **Non-current assets held for sale and discontinued operations**

Beter Bed Holding N.V. 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.

### **Risk**

Beter Bed Holding N.V. operations are based on the Group's strategic objectives which are related to opportunities and risks. In this respect a risk management system to monitor and control the Group's most important risks has been implemented. The organisation applies a matrix that describes the risks, their (financial) impact, the probability of their occurrence, the 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. The risks are classified in the categories Financial, Operational, Board and Management, Legal, Social, Information and Tax.

Beter Bed Holding N.V. operates in the bed and mattress segment. Beter Bed Holding N.V.'s risk appetite is based on the operational results, the financial position and a carefully considered financial management. Although the Company's daily operations involve taking risks, Beter Bed Holding N.V. adopts a carefully considered and balanced approach to those risks. More information about the risk appetite in the various categories defined by Beter Bed Holding N.V. is explained in the last annual consolidated financial statements for the year ended 31 December 2019.

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 Beter Bed Holding N.V. 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 Beter Bed Holding N.V. 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 of H1 2020.

	SEK/EUR	CHF/EUR	USD/EUR
<b>Year-end exchange rate</b>			
31-12-2018	10.2548	1.1269	1.1450
30-6-2019	10.5633	1.1105	1.1380
31-12-2019	10.4468	1.0854	1.1234
30-6-2020	10.4948	1.0651	1.1198
<b>Average exchange rates</b>			
H1 2019	10.5187	1.1294	1.1298
H1 2020	10.6610	1.0639	1.1015

## Notes to the condensed consolidated balance sheet

### **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 2020, a total of 24,105,562 shares were issued and paid up. During the reporting period, the number of issued and fully paid shares remained unchanged. Beter Bed Holding N.V. 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 24,105,562. The number of shares used to calculate the diluted earnings per share is equal to 24,105,562.

During the reporting period, no dividend was paid.

## Notes to the condensed consolidated profit and loss account

### **Income taxes**

The Group effective tax rate for the first six months of the year amounts to 37.4%. The effective tax rate compared to its nominal tax rate is relatively high and mainly caused by non-deductible interest expenses and unrecognized net operating losses.

### **Share based Compensation**

During the second quarter, a new share based compensation plan was adopted. Costs related to this plan did not materialise in the first half year. Costs recognised in the first half year relate to prior years plans.

## Other information

### Post-balance sheet events

The following subsequent events have occurred after 30 June 2020 at Beter Bed Holding N.V.

### Financing

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 will be converted into newly issued shares. The conversion of the interest will be based on an average market share price before this publication and the conversion of the principal amount will be based on an average market share price after this publication, the latter with a modest discount. A maximum number of 2.15 million shares can be issued for this transaction. Furthermore, Beter Bed Holding N.V. agreed to decrease the interest rate applicable to the perpetual loan for the next 12 months.

## Statement from the Management Board

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

- the interim financial statements 2020 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 2020 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, 16 July 2020

### Management Board

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

G.E.A. Reijnen,  
CFO