BeterBed holding

Press release

Beter Bed Holding: solid results in H1 2023

Uden, the Netherlands, 21 July 2023

Beter Bed Holding N.V. (BBH) – the Netherlands' leading sleep specialist – today announced its results for the second quarter and first half year ended 30 June 2023.

Highlights first half 2023

- Sales growth of +5.4% to € 118.4 million (H1 2022: € 112.4 million) with gross profit increase of +7.0% to € 65.5 million (H1 2022: € 61.2 million).
- All subsidiaries contributed positively to the growth, with online sales now at 17.6% channel share.
- Underlying EBITDA and underlying EBIT of € 18.2 million (H1 2022: € 14.5 million) and € 8.1 million (H1 2022: € 4.4 million) respectively, showing a +25.8% and +82.5% increase.
- Order book at € 16.6 million (compared with € 19.4 million at 30 June 2022).
- Obtained 50% stake in Bovelli's production and real estate entities, allowing further vertical integration in supply chain.
- On 10 July, agreement was reached with Torqx on all-cash public offer for all issued and outstanding BBH shares at € 6.10 per share, a 107% premium to closing price on 7 July 2023, valuing 100% of the shares of the Company at € 168 million.

H1 2023 performance

The table below shows the key figures for H1 2023, which comprises Beter Bed in the Benelux, Beddenreus in the Netherlands and our wholesale business DBC.

Key figures	2023 H1	2022 H1
Revenue (in € million)	**118.4**	112.4
Gross profit	***55.3%***	*54.4%*
EBIT (in € million)	**6.3**	3.7
Underlying EBIT (in € million)	***8.1***	*4.4*
EBITDA (in € million)	**16.4**	13.7
Underlying EBITDA (in € million)	***18.2***	*14.5*
Net profit (in € million)	**4.6**	2.2
Number of stores at 30 June	***130***	*134*
Number of FTE	**918**	942

John Kruijssen, CEO of BBH, comments:

"Since the launch of our strategic agenda, we successfully transitioned to a sleep specialist with accelerated online sales, expanding our wholesale presence and achieving high customer satisfaction. The first half year of 2023 marked another solid performance across the Group. Positive performance in our sales channels, a gross profit increase, combined with tight cost management, resulted in EBITDA growth. The proposed transaction with Torqx Capital Partners will allow us to further accelerate our growth strategy and we look forward to the next phase of the development of our company."

Sleep better, live better.

Strategic progress

During the first half of 2023, we continued to execute on our 'Sleep better, live better' growth strategy. In pursuit of further vertical integration in our supply chain, we have obtained a 50% stake in Bovelli's production and real estate entities, which enables us to streamline our supply chain.

Commercially, we successfully completed the rollout of the measurement and advice system Beter Slapen ID in all Beter Bed stores in the Netherlands and Belgium, offering every customer scientifically independent best mattress advice across the full store network. Beter Bed and M line introduced a revolutionary augmented reality (AR) addition to their 3D box spring configurator, allowing customers to virtually place their personalised box spring in their bedroom. DBC successfully launched the M Line Cool Motion line at the Cologne fair, attracting international retailers and growing the distribution network for the Simmons collection. B2B presence has expanded through partnerships with hotels, while the first selling point in Sweden was launched.

Financial review

Revenue

BBH increased H1 2023 revenue by +5.4% compared with H1 2022 to € 118.4 million. Compared with pre-COVID H1 2019 revenue has grown with a CAGR of +8.5%. In H1 2023, 92.1% (H1 2022: 93.3%) of the revenue is realised in the Netherlands and the remainder in Belgium. Like-for-like (LFL) corrects for store openings and closures.

The table below shows the key figures of the business operations for H1 2023.

in million €	Revenue 2023 H1	% Growth vs. 2022 H1	LFL revenue growth vs. 2022 H1	LFL order intake growth vs. 2022 H1	Online revenue as a % of total revenue
Benelux	**111.3**	5.5%	5.6%	4.7%	**18.0%**
New Business	**7.1**	3.7%	3.7%	15.4%	**11.9%**
Total	**118.4**	**5.4%**	**5.4%**	**5.3%**	**17.6%**

The table below shows the key figures of the business operations for Q2 2023.

in million €	Revenue 2023 Q2	% Growth vs. 2022 Q2	LFL revenue growth vs. 2022 Q2	LFL order intake growth vs. 2022 Q2	Online revenue as a % of total revenue
Benelux	**51.6**	5.1%	5.3%	-1.8%	**18.6%**
New Business	**3.3**	18.8%	18.8%	59.5%	**13.3%**
Total	**54.9**	**5.8%**	**6.0%**	**0.9%**	**18.3%**

Gross profit and operating expenses

Gross profit for the first half of 2023 increased by 7.0% to € 65.5 million compared with € 61.2 million in the first half of 2022. The increase was driven by a higher revenue and an improved gross profit as a percentage of revenue (55.3% in the first half of 2023 versus 54.4% in the first half of 2022). Total operating expenses for the first half of 2023 were € 59.2 million compared with € 57.5 million in the first half of 2022. The increase in personnel expenses in H1 2023 compared with H1 2022 is mainly related to salary increases related to the collective labour agreements and the use of temporary personnel instead of our own workforce. As percentage of revenue, the operating expenses decreased by 1.2%.

Results

EBIT for H1 2023 at € 6.3 million, showing a +70.6% increase compared with € 3.7 million in the first half of 2022. Finance costs were nil (H1 2022: € -0.4 million) whereby the interest on lease liabilities and commitment fees paid related to the credit facility are offset by interest received on our positive cash balance. Net profit amounted to € 4.6 million compared with € 2.2 million in the first half of 2022.

Non-GAAP measures

Underlying EBIT. Underlying EBIT is defined as operating profit (EBIT) adjusted for acquisition and divestment related costs, incremental operating costs, restructuring costs, share-based compensation costs, and other income, and was € 8.1 million in H1 2023 (H1 2022: € 4.4 million). Reported IFRS EBIT was adjusted for the following items, acquisition and divestment related costs of € 1.1 million in H1 2023 (H1 2022: € 0.1 million), and share-based compensation costs of € 0.7 million in H1 2023 (H1 2022: € 0.7 million).

EBITDA. EBITDA is defined as operating profit (EBIT) adjusted for depreciation, amortisation and impairments. In H1 2023, depreciation, amortisation and impairments was € 10.1 million (H1 2022: € 10.0 million) resulting in an EBITDA of € 16.4 million in H1 2023 compared with € 13.7 million in H1 2022.

Underlying EBITDA. Underlying EBITDA is defined as underlying EBIT adjusted for depreciation, amortisation and impairments. In H1 2023, depreciation, amortisation and impairments was € 10.1 million (H1 2022: € 10.0 million) resulting in an underlying EBITDA of € 18.2 million in H1 2023 compared with € 14.5 million in H1 2022.

Cash flows and liquidity

Total cash flow from operating activities in the first half of 2023 was € 5.6 million (first half of 2022: € 1.1 million). The increase in operating cash flow was mainly caused by an increased profit before tax, offset by higher investments in working capital (such as higher inventory levels to safeguard customer deliveries and a decrease in trade payables following seasonality) and less income taxes paid.

Total cash flow from investing activities in the first half of 2023 amounted to an outflow of € 5.6 million (first half of 2022: € 2.4 million outflow). The increase in investing cash flow was mainly a result of a loan granted, while capital expenditure investments were stable at € 2.4 million compared with the first half of last year. These capital expenditure investments include further optimisation in IT infrastructure and store improvements. Related to the capital expenditures, the outstanding commitments per H1 2023 are € 1.3 million (H1 2022: nil).

Total cash flow from financing activities in the first half of 2023 amounted to an outflow of € 11.9 million (first half of 2022: € 12.2 million), mainly related to payments of lease liabilities and dividend payment following the approval of the AGM on 10 May 2023.

Financing and solvency

Cash and cash equivalents decreased by € 11.9 million in the first half year of 2023, mainly related to the changes in working capital compared to 31 December 2022, the dividend distribution, and the loan granted offset by increased operational results. Solvency (defined as equity, divided by total assets adjusted for non-current and current lease liabilities) is further strengthened and amounted to 45.7% at 30 June 2023, compared with 40.5% as at 31 December 2022.

Benelux

Benelux showed revenue up 5.5% in the first half year compared to the same period last year and like-for-like order intake of +4.7%. Online order intake grew compared to last year. The digital team continued to implement a number of usability improvements for our customers, leading to an increase in the underlying KPI’s. An M line marketing campaign was launched during Dutch Kings day and at Pentecost, which helped to boost sales at Beter Bed, and improved our gross margin.

The decrease in LFL order intake in Q2 was -1.8%. This was the result of declining traffic due to a long period of record-breaking hot temperatures. Beter Bed Netherlands continued its successful marketing efforts with a series of impactful initiatives. Following the successful Day of Sleep campaign in March, the Company organised a 'Better Sleep' webinar in June, in collaboration with ‘Dr. Sleep’, sleep scientist Merijn van de Laar, and launched a new television commercial in May, emphasising sleep expertise and showcasing the uniqueness of the Beter Slapen ID.

To become top-of-mind with Flemish customers during the upcoming sales season, Beter Bed launched a large-scale radio and online video branding campaign in Flanders, successfully increasing brand recognition, which improved traffic both in stores and online.

New Business

DBC

In H1 2023, revenue of DBC has grown with 3.7%, mainly due to a strong second quarter of the year. In Q2 2023, revenue was 18.8% higher. The LFL order intake increased by 15.4% over the first half, and 59.5% in Q2.

The Simmons brand gained further traction in the Netherlands and Belgium. In Germany, M Line saw an increase at Amazon sales during the first half of the year and significant progress was made in B2B deals. In the Netherlands and Belgium, the new M Line collection was successfully launched across the entire dealer network, and the first selling points were established in Wallonia Belgium. In Sweden, both M Line and Simmons were introduced at the retailer Säng Säng. To further improve brand recognition, a national Out of Home campaign was started for M Line and the partnership with NOC-NSF was extended, while Simmons secured a long-term partnership with the Radio 10 morning show.

Sustainability update

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

As we move towards compliance with the Corporate Sustainability Reporting Directive (CSRD) guidelines, we are in the final stages of conducting the double materiality assessment. This is the first stepping stone to reach full alignment. This assessment provides us with insight into what objectives we have an impact on, and what objectives have an impact on our company. The topics that emerge from this lay the foundation for what we want to report as a company.

Additionally, Beter Bed celebrated the 5-year anniversary of the Princess Maxima Center for Pediatric Oncology, demonstrating ongoing support through donations and knowledge sharing.

Risk paragraph

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

BBH's risk appetite is based on the Company's operational results, financial position and carefully considered financial management. Although the Company's daily operations involve taking risks, BBH adopts a prudent and balanced approach to those risks. More information about the risk appetite in the various categories defined by BBH is explained in the last annual consolidated financial statements for the year ended 31 December 2022.

Caution concerning forward-looking statements

Some statements included in this report contain forward-looking statements. These statements may relate to or may affect future matters concerning future results, strategies or business plans, but may also include the impact of regulatory initiatives on the operation of BBH. Forward-looking statements may, without limitation, include words like "believes", "intends to", "expects", "anticipates", "will", "may", "could", "should", "intends", "estimate", "plan", "goal", "target", "aim", "remain confident" or expressions similar to those. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside the control of BBH and that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the 2022 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 2023, unless stated otherwise.

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

Financial calendar

20 October 2023	Trading update Q3-2023
19 January 2024	Trading update Q4-2023

About Beter Bed Holding

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

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

Listed on Euronext Amsterdam, BBH operates the successful retail brands Beter Bed, Beddenreus, the new subscription brand Leazzzy and the digital organisation LUNEXT. In addition, through its subsidiary DBC International, BBH has a wholesale business in branded products in the bedroom furnishings sector, which includes the well-known international brands M line and Simmons.

With 4 distribution centres, a fleet of 80 vehicles, 130 stores, a fast-growing online presence, and a wholesale company our team of over 1,000 dedicated employees generated € 229.4 million revenue in 2022.

Providing expert sleep advice is at the very heart of our strategy, and thanks to our revolutionary 'Beter Slapen ID' tool, our sleep consultants help customers to get the perfect night's sleep. BBH is proud that M line is the official sleep supplier of AFC Ajax, TeamNL, Jumbo-Visma, NOC*NSF and the KNVB.

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2023 Condensed interim consolidated financial statements

Consolidated balance sheet

in thousand €	30-6-2023	31-12-2022
Non-current assets		
Intangible assets	**6,167**	6,792
Property, plant and equipment	**6,522**	6,048
Right-of-use assets	**46,585**	43,038
Deferred tax assets	**125**	144
Other non-current financial assets	**3,407**	81
Total non-current assets	**62,806**	56,103
Current assets		
Inventories	**29,335**	27,594
Trade receivables	**2,777**	1,851
Income tax receivable	**1,162**	1,035
Other receivables	**4,979**	6,292
Cash and cash equivalents	**25,827**	37,695
Total current assets	**64,080**	74,467
Total assets	**126,886**	130,570

in thousand €	30-6-2023	31-12-2022
Equity		
Issued share capital	**551**	544
Share premium	**35,479**	34,401
Legal reserves	**785**	786
Other reserves	**(5,908)**	(6,661)
Retained earnings	**4,550**	5,271
Total equity attributable to equity holders of the parent	**35,457**	34,341
Liabilities		
Non-current liabilities		
Lease liabilities	**33,432**	29,819
Provisions	**514**	553
	33,946	30,372
Current liabilities		
Lease liabilities	**15,814**	15,936
Trade payables	**13,038**	20,803
Income tax payable	**1,140**	-
Other taxes and social security contributions	**11,510**	10,421
Other liabilities	**15,981**	18,697
	57,483	65,857
Total liabilities	**91,429**	96,229
Total equity and liabilities	**126,886**	130,570

Consolidated profit and loss account

in thousand €	First half year	
	2023	**2022**
Revenue	**118,432**	112,364
Materials and services from third parties	**(52,962)**	(51,184)
Gross profit	**65,470**	61,180
Personnel expenses	**(26,986)**	(24,164)
Depreciation, amortisation and impairment	**(10,108)**	(10,030)
Other operating expenses	**(22,096)**	(23,304)
Total operating expenses	**(59,190)**	(57,498)
Operating profit (EBIT)	**6,280**	3,682
Finance costs	**(29)**	(437)
Profit before tax	**6,251**	3,245
Income tax	**(1,701)**	(1,077)
Net profit	**4,550**	2,168

Consolidated statement of comprehensive income

in thousand €, unless otherwise stated	First half year	
	2023	2022
Profit for the year	**4,550**	2,168
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	-	-
Tax effect relating to exchange differences	-	-
Other comprehensive income / (loss) for the year, net of tax	-	-
Total comprehensive income for the year, net of tax	**4,550**	2,168
Earnings per share		
Earnings per share attributable to ordinary holders of the parent in €	**0.17**	0.08
Diluted earnings per share attributable to ordinary holders of the parent in €	**0.16**	0.08

Consolidated cash flow statement

in thousand €	First half year	
	2023	2022
Operating activities		
Profit before tax	**6,251**	3,245
Adjustments to reconcile profit before tax to net cash flows:		
- Net finance costs	**29**	437
- Change in provisions	**(39)**	50
- Income taxes	**-**	(10)
- Cost of share-based compensation	**721**	672
- Depreciation and impairment of right-of-use assets	**7,565**	7,498
- Depreciation and impairment of property, plant and equipment	**941**	805
- Amortisation and impairment of intangible assets	**1,602**	1,727
Adjusted operating result for the period	***17,070***	*14,424*
Working capital adjustments:		
- Decrease / (increase) in inventories	**(1,741)**	281
- Decrease / (increase) in trade and other receivables	**387**	(182)
- Increase / (decrease) in trade and other liabilities	**(9,416)**	(9,913)
Change in working capital	***(10,770)***	*(9,814)*
Guarantees	**(53)**	-
Income tax received / (paid)	**(669)**	(3,525)
Cash flow generated from operating activities	**5,578**	1,085
Investing activities		
Capital expenditure on purchase of intangible assets	**(976)**	(815)
Capital expenditure on purchase of property, plant and equipment	**(1,415)**	(1,586)
Loans granted to other companies	**(3,200)**	-
Cash flow (used in)/generated from investing activities	**(5,591)**	(2,401)
Financing activities		
Dividends paid	**(4,131)**	(4,078)
Interest received / (paid)	**129**	(205)
Payment lease liabilities	**(7,853)**	(7,954)
Cash flow from/(used) in financing activities	**(11,855)**	(12,237)
Movement in cash and cash equivalents	**(11,868)**	(13,553)
Net foreign exchange difference	**-**	-
Opening balance	**37,695**	38,005
Closing balance	**25,827**	24,452

Consolidated statement of changes in equity

in thousand €	Issued share capital	Share premium	Legal reserves[1]	Other reserves	Retained earnings	**Total**
Balance at 1 January 2022	544	34,401	-	(17,303)	13,897	31,539
Net profit/(loss) 2022	-	-	-	-	2,168	2,168
Other components of comprehensive income 2022	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,168	2,168
Profit appropriation 2021	-	-	-	13,897	(13,897)	-
Dividends paid	-	-	-	(4,078)	-	(4,078)
Addition to legal reserves	-	-	789	(789)	-	-
Cost of share-based compensation	-	-	-	672	-	672
Balance at 30 June 2022	544	34,401	789	(7,601)	2,168	30,301
Balance at 1 January 2023	**544**	**34,401**	**786**	**(6,661)**	**5,271**	**34,341**
Net profit/(loss) 2023	**-**	**-**	**-**	**-**	**4,550**	**4,550**
Other components of comprehensive income 2023	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**4,550**	**4,550**
Profit appropriation 2022	**-**	**-**	**-**	**5,271**	**(5,271)**	**-**
Issuance of shares	**7**	**1,078**	**-**	**(1,109)**	**-**	**(24)**
Dividends paid	**-**	**-**	**-**	**(4,131)**	**-**	**(4,131)**
Addition to legal reserves	**-**	**-**	**(1)**	**1**	**-**	**-**
Cost of share-based compensation	**-**	**-**	**-**	**721**	**-**	**721**
Balance at 30 June 2023	**551**	**35,479**	**785**	**(5,908)**	**4,550**	**35,457**

1 Applies to internally developed intangible assets. In the comparative figures, €789k has been reclassed from other reserves to legal reserves. Concerns restricted equity.

Notes to the condensed interim consolidated financial statements

General notes

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through the Beter Bed and Beddenreus brands. Beter Bed Holding N.V. is also active in the field of developing and wholesaling branded products in the bedroom furnishing sector through its subsidiary DBC International. Beter Bed Holding N.V. is incorporated in the Netherlands, with its headquarters in Uden the Netherlands. The registered office of Beter Bed Holding N.V. is Linie 27, 5405 AR, in Uden the Netherlands, trade register number 16040335. Beter Bed Holding N.V.'s shares are listed on Euronext Amsterdam.

The condensed interim report comprises the financial information of the Company itself and that of its subsidiaries (referred to together as the Group).

The condensed interim report of the Group has been prepared by the Management Board and discussed and approved in the meeting of the Supervisory Board on 19 July 2023. This condensed interim report has been reviewed by an independent external auditor.

Basis of preparation and changed accounting policies

Basis of preparation

The consolidated interim financial data of Beter Bed Holding N.V. (BBH) included in this condensed interim report, consist of the consolidated balance sheet as per 30 June 2023; the consolidated profit and loss account; the consolidated statement of comprehensive income; the consolidated cash flow statement and the consolidated statement of changes in equity for the period from 1 January 2023 to 30 June 2023, plus the notes.

The condensed interim consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The notes constitute an integral part of this condensed interim report.

The condensed interim report does not contain all the notes and information as required for full annual financial statements and is to be reviewed in conjunction with the Group's consolidated financial statements for 2022. 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 2022.

The condensed interim report has been prepared on a historical cost basis. Unless explicitly stated otherwise, the amounts stated in these notes refer to the consolidated figures. The total carrying amounts of the financial assets and liabilities equal the fair value.

The accounting principles and policies for the determination of the result are identical to those for the 2022 financial statements.

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

Changes in significant accounting policies

In 2023, no new accounting standards are adopted by BBH that will materially impact the financial statements.

Estimates

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

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

Unless otherwise specified, in the preparation of this condensed interim report the significant judgements formed by the management in the application of the Group's financial reporting standards and the main sources of estimation used are identical to the judgements and sources used in preparing the consolidated financial statements for the 2022 financial year.

Seasonality

Following the seasonal pattern in consumer demand, revenue and EBITDA are usually lower in the second and third quarter than in the first and fourth quarter. Revenue over the first half year compared to the second half year does usually not include a seasonal pattern. A reference is made to the 'financial review' paragraph of this document for an explanation of the trends in the figures included in the financial statements and the geographical revenue split.

Bank financing

Per 30 June 2023, the Company met all the bank covenants and no amounts are drawn under the current bank facility of € 30.0 million. Based on the net cash position of € 25.8 million (H1 2022: € 24.5 million), the current headroom is € 55.8 million (H1 2022: 39.5 million).

Translation of foreign currency

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

The table below shows the applied currency rates.

	USD/EUR
Period-end exchange rates	
30-6-2022	1.0387
31-12-2022	1.0666
30-6-2023	1.0866
Average exchange rates	
H1 2022	1.0940
H1 2023	1.0811

Other non-current financial assets

During the first half of 2023, BBH entered into a loan agreement with one of its suppliers. The loan agreement has a duration of two years and any amounts drawn under the loan agreement are subject to a 6% cash-interest and a 4% PIK-interest. Following the conditions of the loan agreement, BBH (via its subsidiary Nordic Bedding Company (NBC) B.V.), obtained 50% of the shares in two Polish companies (Bovelli Bedding SP. Z O.O. and Velborn Investment SP. Z O.O., hereafter together referred to as Bovelli) as per 8 June 2023. The other 50% of the shares in Bovelli are held by one other shareholder. The total amount involved per 30 June 2023, and presented as other non-current financial asset on the balance sheet, is € 3.2 million, excluding accrued interest of € 0.1 million. It is expected that in the second half of 2023 a shareholder agreement between the two parties will become in place. As the shares in Bovelli were obtained close to reporting date, amounts of the underlying assets and liabilities are still deemed provisional. Due to the uncertainties regarding the fair value of the most material financial positions, Bovelli is presented as a single amount in the financial position as at 30 June 2023.

Following the current arrangements in place, the investment is identified as a joint venture. Joint control is in place over Bovelli as decisions about the relevant activities require the unanimous consent of the parties sharing control. As at 30 June 2023, BBH is in the process of assessing the value of the joint venture and the remaining receivable. Consequently, a provisional amount is included under the other non-current financial assets.

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

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for the relevant trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Income taxes

The effective tax rate for H1 2023 is 27.2% (H1 2022: 33.2%) and constitutes of our profit before tax multiplied by the Dutch tax rate and non-deductible expenses (mainly share-based compensation expenses). The effective tax rate is based on results realised and would not be materially different compared with the weighted-average expected annual income tax rate.

Earnings per share and dividend

The movements in the equity items are shown in the consolidated statement of changes in equity. As per 30 June 2023, a total of 27,538,426 shares were issued and paid up. During the reporting period, 351,862 shares were issued and paid up to fulfil the Company's obligation under the performance share unit plan. BBH does not hold shares in portfolio.

The average number of outstanding shares during the reporting period for the calculation of the earnings per share was 27,501,490. The number of shares used to calculate the diluted earnings per share is equal to 28,444,976.

Following approval of the Annual General Meeting on 10 May 2023, a dividend in cash of € 0.15 per ordinary share was paid.

Events after the balance sheet date

The following subsequent event has occurred after 30 June 2023.

Announcement of public offer
On 10 July 2023, BBH and Torqx Capital Partners announced via a joint press release that they have reached a conditional agreement (the 'Merger Agreement') on an intended recommended all-cash public offer by the Offeror (959 B.V., a company controlled by Torqx Capital Partners) for all issued and outstanding shares in the capital of the Company of € 6.10 (cum dividend) in cash per share, representing a total value of approximately € 168 million for 100% of the Company.

The consideration represents a premium of 107% to the Company's closing Share price on 7 July 2023, 101% premium to the 3-month and 96% premium to the 6-month volume weighted average closing Share price prior to this announcement, delivering immediate, certain and attractive value to the shareholders of the Company.

Currently, Torqx has fully committed prudent financing in place on a "certain funds" basis and has completed its due diligence, providing high deal certainty. This facilitates a swift and efficient transaction process to completion. If the transaction would materialise, the Company's share-based compensation plan would become cash-settled which results in an estimated incremental expense for the Company of approximately € 3.0 million. Based on the required steps and subject to the necessary approvals, the Company and the Offeror anticipate settlement of the offer ultimately beginning of 2024.

Statement from the Management Board

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

- the 2023 condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the company and the entities included in the consolidation;

- the 2023 condensed interim consolidated financial statements give a true and fair view of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and, the most important related party transactions.

Uden, the Netherlands, 20 July 2023

Management Board

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

G.E.A. Reijnen,
CFO

Independent auditor's review report

To: the shareholders and the supervisory board of Beter Bed Holding N.V.

Our conclusion

We have reviewed the condensed interim financial information included in condensed interim consolidated financial statements of Beter Bed Holding N.V. based in Uden for the period from January 1, 2023 to June 30, 2023.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of Beter Bed Holding N.V. for the period from January 1, 2023 to June 30, 2023 is not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

The condensed interim financial information comprises:

- the consolidated balance sheet as at June 30, 2023;
- the following consolidated statements for the period from January 1, 2023 to June 30, 2023: the statements of profit or loss and other comprehensive income, changes in equity and cash flows;
- the notes comprising material accounting policy information and selected explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, “Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit” (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed interim financial information section of our report.

We are independent of Beter Bed Holding N.V. in accordance with the *Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten* (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the *Verordening gedrags- en beroepsregels accountants* (VGBA, Dutch Code of Ethics).

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

Responsibilities of the management board and the supervisory board for the condensed interim financial information

The management board is responsible for the preparation and presentation of the condensed interim financial information in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the condensed interim financial information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the review of the condensed interim financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of Beter Bed Holding N.V. and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- Making inquiries of the management board and others within the company.
- Applying analytical procedures with respect to information included in the condensed interim financial information
- Obtaining assurance evidence that the condensed interim financial information agrees with, or reconciles to, the company's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether the management board has identified all events that may require adjustment to or disclosure in the condensed interim financial information
- Considering whether the condensed interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Rotterdam, 20 July 2023

Ernst & Young Accountants LLP

I.H.G. Hengefeld