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Contents

# Financial Statements

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# Consolidated financial statements

## Consolidated balance sheet

**As at 31 December and before result appropriation**

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

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

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

# Consolidated financial statements

## Consolidated profit and loss account

**For the year ended 31 December**

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

## Consolidated statement of comprehensive income

**For the year ended 31 December**

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

## Consolidated cash flow statement

**For the year ended 31 December**

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

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

## Consolidated statement of changes in equity

| in thousand € | Notes | Issued share capital | Share premium | Equity instruments[1] | Revaluation reserve[1] | Currency translation reserve[2] | Legal reserves[3] | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2021 | | 525 | 27,967 | 3,814 | 386 | 304 | - | (25,211) | 7,938 | 15,723 |
| Net profit 2021 | | - | - | - | - | - | - | - | 13,897 | 13,897 |
| Other components of comprehensive income 2021 | | - | - | - | - | (304) | - | - | - | (304) |
| **Total comprehensive income** | | - | - | - | - | (304) | - | - | 13,897 | 13,593 |
| Profit appropriation 2020 | | - | - | - | - | - | - | 7,938 | (7,938) | - |
| Contributions of equity | | 19 | 6,434 | - | - | - | - | - | - | 6,453 |
| Interest on equity instruments | | - | - | 209 | - | - | - | (209) | - | - |
| Repayment of equity instruments | | - | - | (4,023) | - | - | - | - | - | (4,023) |
| Realisation of revaluation reserve | | - | - | - | (386) | - | - | 386 | - | - |
| Cost of share-based compensation | 16. | - | - | - | - | - | - | (207) | - | (207) |
| **Balance at 31 December 2021** | | **544** | **34,401** | **-** | **-** | **-** | **-** | **(17,303)** | **13,897** | **31,539** |
| Net profit 2022 | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **5,271** | **5,271** |
| Other components of comprehensive income 2022 | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total comprehensive income** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **5,271** | **5,271** |
| Profit appropriation 2021 | | **-** | **-** | **-** | **-** | **-** | **-** | **13,897** | **(13,897)** | **-** |
| Addition to legal reserves | | **-** | **-** | **-** | **-** | **-** | **786** | **(786)** | **-** | **-** |
| Dividend payment | | **-** | **-** | **-** | **-** | **-** | **-** | **(4,078)** | **-** | **(4,078)** |
| Cost of share-based compensation | 16. | **-** | **-** | **-** | **-** | **-** | **-** | **1,609** | **-** | **1,609** |
| **Balance at 31 December 2022** | | **544** | **34,401** | **-** | **-** | **-** | **786** | **(6,661)** | **5,271** | **34,341** |

1 Concerns restricted equity.
2 In the comparative figures, the release of the currency translation reserve is reclassed to other comprehensive income in both the consolidated statement of changes in equity and the consolidated statement of comprehensive income for comparison purposes. Concerns restricted equity.
3 Applies to internally developed intangible assets. Concerns restricted equity.

## General information

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

The consolidated financial statements comprise the financial information of the Company itself and that of its subsidiaries (referred to together as the Group). The list of subsidiaries is presented in the note Principles of consolidation (see page 114).

The 2022 consolidated financial statements of Beter Bed Holding N.V. have been prepared by the Management Board and were authorised by both the Management Board and the Supervisory Board for issuing on 9 March 2023. The financial statements will be submitted for approval to the General Meeting on 10 May 2023.

## Basis of preparation of financial statements

The consolidated financial statements of Beter Bed Holding N.V. have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs, hereafter referred to as IFRS). The company financial statements have been prepared according to article 2:362-8 of the Dutch Civil Code, meaning that the accounting principles used are the same as for the consolidated financial statements.

## Going concern

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

## Basis of measurement of financial statements & significant accounting policies

The consolidated financial statements have been prepared on a historical cost basis, except for debt and equity financial assets that have been measured at fair value. Unless explicitly stated otherwise, the amounts stated in these notes refer to the consolidated figures. The financial statements are presented in euros and have been rounded to thousands of euros, unless otherwise stated.

## Changes in accounting policies and disclosures

New standards, amendments and interpretations to existing IFRS standards became effective in 2022. These new standards, amendments and interpretations, as far as they are relevant to the Group, have no impact on the valuation and classification of assets and liabilities of the Group, nor on its income statement or cash flows.

New standards, amendments and interpretations to existing IFRS standards have been published that only need to be applied to accounting periods beginning on or after 1 January 2023. As far as these standards, amendments and interpretations are applicable to the Group, they are expected to have no material effect on the valuation and classification of assets and liabilities. The Group has decided not to opt for early adoption.

## Foreign currency translation

The consolidated financial statements have been prepared in euros. The euro is the functional currency of Beter Bed Holding N.V. and is the Group's reporting currency. Monetary assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date, whereas profit and loss account items are converted at the exchange rate at the time of the transaction. Non-monetary assets and liabilities in foreign currencies, which are measured at fair value, are converted at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Exchange differences in the financial statements of foreign group companies included in the consolidation are taken directly to equity through other comprehensive income. The results and assets and liabilities of consolidated foreign participations are translated into euros at the average exchange rate per month and the closing rate for the year under review respectively. Upon disposal of a foreign entity, the deferred accumulated amount recognised in equity of that foreign entity concerned is taken to the profit and loss account.

The table below shows the currency rates applied in 2021 and 2022 respectively.

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

## Principles of consolidation

The consolidated financial statements comprise the financial statements of Beter Bed Holding N.V. and its Group entities. Group entities are defined as entities controlled by the Company. This means the Company is exposed to, or is entitled to, the variable results following the Company's involvement and ability to influence these results in its power to steer on the activities of that entity.

In general, the Group assumes that it has control if it holds the majority of the voting rights. Factors that are relevant to support this assumption are, however, considered in all cases. These include contractual arrangements with any other vote holders of the investee, voting rights from other arrangements, and the potential voting rights of the Group. When there are changes in circumstances or facts that could impact if the Group controls an investee, a reassessment will be made to conclude whether an investee still needs to be consolidated. Group entities are included in the consolidation at the date at which the entities gain control. As of the date an entity does not meet the aforementioned criteria of an investee, the entity is no longer included in the consolidation.

For consolidation purposes, the Group has applied the full consolidation method. All financial relations and results between consolidated companies are eliminated in full. If the Group loses control over an investee, it derecognises the related assets (including goodwill), liabilities, and equity, while a gain or loss is recognised in profit or loss. In the event that an investee is retained but the Group ceases control, it is recognised at fair value.

## Interests in subsidiaries

The Group's subsidiaries at 31 December 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

| | | Ownership interest held by the Group in % | |
|---|---|---|---|
| Name | Registered Office | 2022 | 2021 |
| Bedden & Matrassen B.V. | Uden, The Netherlands | 100 | 100 |
| Beter Bed B.V. | Uden, The Netherlands | 100 | 100 |
| Beter Bed Financial Services B.V. | Uden, The Netherlands | 100 | 100 |
| DBC International B.V. | Uden, The Netherlands | 100 | 100 |
| DBC Nederland B.V. | Uden, The Netherlands | 100 | 100 |
| European Bedding Participations B.V.[1] | Uden, The Netherlands | 100 | - |
| Nordic Bedding Company (NBC) B.V. | Uden, The Netherlands | 100 | 100 |
| Swedish Company Bedding 1 AB[2] | Gothenburg, Sweden | - | 100 |
| Swedish Company Bedding 2 AB[3] | Gothenburg, Sweden | - | 100 |

1 The entity was established on 6 July 2022.
2 The entity went into voluntary liquidation on 30 November 2021 and was dissolved on 1 November 2022.
3 The entity went into voluntary liquidation on 30 November 2021 and was dissolved on 19 October 2022.

# Use of estimates

## Estimates and judgements

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

Judgements, assumptions and estimates are continually reviewed, and are based on historical experience and other factors, including future expectations. These future expectations are based on reasonable expectations concerning the relevant factors affecting the financial statement item concerned.

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

The following notes contain the most significant estimates and judgements:

- **Significant judgement:**
  - Assessment of the recoverability of past tax losses (Deferred tax balances (see page 127)).
  - Recognition of extension options in property lease contracts (Right-of-use assets (see page 126)).

- **Significant estimates:**
  - Assumptions used in impairment testing (Intangible Assets (see page 125), PP&E (see page 125), Right-of-use assets (see page 126)).
  - Assumptions used in share-based compensation expenses (Share-based compensation (see page 133)).
  - Estimates in the valuation of stock (Inventories (see page 128)).

# Notes to the consolidated financial position

## Segment reporting

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

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

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

## 2022 events

### Financing events

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

## 2021 events

### Sale of Swedish operations

On 9 July 2021, Beter Bed completed the sale of its Swedish operations with an effective date at 30 June 2021. The divestment was executed in the form of an asset-liability transfer. The assets were transferred to SengeSpecialisten, a Danish subsidiary of the Lars Larsen Group. The legal entities in Sweden remained under control of Beter Bed Holding N.V. and were in liquidation as of 30 November 2021, with the liquidation completed in the fourth quarter of 2022 in accordance with Swedish law. As a result, the business and the results of the Swedish entities are presented as discontinued operations in the comparative figures. However, the remaining assets and liabilities in the legal entities in Sweden still held by BBH were consolidated on 31 December 2021. Since the Swedish entities were liquidated in 2022, no financial positions related to the Swedish entities were held as at 31 December 2022.

The net result of the Swedish business activities in 2021 amounted to € 1.3 million, and is included in the consolidated profit and loss account as 'profit/ (loss) after tax from discontinued operations'. This result includes the positive book result on the net asset deal, offset by the operational results for the first half year of 2021. There was a nihil tax expense related to the sale of the Swedish operations as the Company had unrecognised cumulative operating losses from the past exceeding the net result of the Swedish business activities in 2021.

Upon completion of the sale of the Swedish operations on 9 July 2021, Beter Bed received a net cash consideration of € 4.2 million, which is included in the cash flow generated from investing activities in the comparative figures.

## Significant accounting policies relating to balance sheet

### Financial instruments

**Non-derived financial instruments**

Non-derived financial instruments include other financial fixed assets, trade and other accounts receivables, cash and cash equivalents, liabilities to credit institutions including related transaction costs, trade and other payables. Initial recognition of non-derived financial instruments is at fair value. Thereafter, these non-derived financial instruments are valued at amortised cost.

**Impairment of financial assets**
Beter Bed Holding N.V. applies a model for the impairment of financial assets against amortised cost. In order to determine the provision, Beter Bed Holding N.V. applies a general or simplified method.

For the general method, the following is applied:

- A 12-month expected credit loss; or
- Lifetime expected credit losses for financial assets in the event that the credit risk increases significantly due to certain circumstances. All credit losses for the expected lifetime are accounted for; or
- Lifetime expected credit losses for financial assets, whereby interest is calculated based on the net receivable less impairment loss.

Loans granted to subsidiaries and receivables against suppliers following the supplier model, as well as all other receivables, go through the process of impairment testing based on the aforementioned general method.

The simplified method is applied to trade receivables. For these, at inception, lifetime expected credit losses are processed, which are determined following a historical set of average irrecoverable amounts (based on historical debt collection details).

**Trade and other receivables**
Trade and other receivables represent the Group's right to an amount of consideration that is unconditional. Trade and other receivables are carried at amortised cost, less impairment losses.

**Trade and other payables**
Trade and other payables are carried at amortised cost.

**Cash and cash equivalents**
Cash and cash equivalents comprise cash and bank balances and other call deposits payable on demand. Bank overdrafts that are repayable on demand, and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents in the cash flow statement. They are measured at amortised cost.

**Offsetting financial assets and liabilities**
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position if, and only if, the Group currently has a legally enforceable right to set off the amounts, and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## Derecognition of financial assets and liabilities
A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognised if the Group is no longer entitled to the cash flow from that asset or if substantially all risks and rewards of the asset have been transferred or – if substantially all risks and rewards of the asset have not been transferred – the entity has transferred 'control' of the asset.

A financial liability is derecognised when the obligation has been discharged or cancelled, or has expired. If an existing financial liability is replaced by another from the same lender under substantially different terms, or if substantial modifications are made to the terms of the existing liability, the replacement or modification is accounted for through recognition of the new liability in the balance sheet and derecognition of the original liability. The difference between the relevant carrying amounts is accounted for through profit and loss.

## Intangible assets
Intangible assets mainly relate to software and until 2021 the brand name *Sängjätten*. For each category, the applicable finite useful life has been determined and applied.

Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over their useful life and tested for impairment if there are indications that the intangible asset might be impaired. The amortisation period and method for an intangible asset with a finite useful life are assessed at least at the end of each period under review, with the applied amortisation percentages varying between 20% and 33%. For the previously owned brand name an amortisation percentage of 5% was applied. Any changes in the expected useful life or expected pattern of the future economic benefits from the asset are recognised by means of a change in the amortisation period or method, and should be treated as a change in the accounting estimate. Amortisation charges on intangible assets with a finite useful life are recognised in the profit and loss account.

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

- The technical feasibility to complete the project;
- The intention to complete the intangible asset, and use it;
- The ability to use the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate resources to complete the project; and
- The cost of developing the asset can be measured reliably.

Applications are capitalised until practical applicability is reached and ongoing activities focus on maintenance.

The amount initially recognised for intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. All expenditures on research activities are expensed in the income statement as incurred.

Any gains or losses arising from the derecognition of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the profit and loss account when the asset is derecognised.

## Property, plant and equipment

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

The depreciation period is assessed at least at the end of each period under review, with the applied depreciation percentages varying between 20% and 33%. Any changes in the expected useful life or expected pattern of the future economic benefits from the asset are recognised by means of a change in the depreciation period or method, and must be treated as a change in accounting estimate.

Depreciation, amortisation and impairment are presented together in the profit and loss and detailed in its notes.

Tangible fixed assets are derecognised in the event of disposal or if no future economic benefits are expected from its use or disposal. Any gains or losses arising from its derecognition (calculated as the difference between the net proceeds on disposal and the carrying amount of the asset) are taken to the profit and loss account for the year in which the asset is derecognised. Any residual value of an asset, its useful life, and valuation methods are reviewed, and if deemed necessary, adapted at the end of the financial year.

The tangible fixed assets are intended for own use.

## Leases

The Group has various lease arrangements for offices, warehouses, retail stores, equipment and vehicles. Lease terms are negotiated on an individual basis and subject to domestic rules and regulations. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group then recognises a right-of-use asset and a lease liability at the lease commencement date. The Group has chosen to apply the exemptions regarding practical expedients as mentioned in IFRS 16 'Leases' such as portfolio approach, exemption for low value leases, and exemption for short-term leases.

**Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses and any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial measurement amount of lease liabilities recognised, initial costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The depreciation percentage depends on the remaining lifetime of the underlying contract as of adoption and is varying between 10% and 100%. At the end of a lease contract, when the asset is fully depreciated, the value at cost is reversed against accumulated depreciation. In the event of lease abandonment, the carrying amount of the related right-of-use asset is impaired to the recoverable amounts.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease contracts will be capitalised for the duration of non-cancellable periods (mostly fixed periods of three to eight years) and renewal periods are only taken into account if deemed reasonably certain. To flexibly adapt to market developments in the real estate sector and manage business operations effectively, property contracts contain a relatively short-term duration with an option to extend. As the extension options are not considered reasonably certain, these are not recognised. Once an extension option becomes effective, the extension is recognised as a modification in the right-of-use assets.

For several leases, the Group has renewal/extension options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew.

**Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentive receivable. The lease payments also include payments of penalties for terminating a lease in the event that the option to terminate early is reasonably certain to be exercised. Non-lease components related to the leased asset and variable lease payments that do not depend on an index or a rate are recognised as an expense in the profit and loss.

In calculating the present value of lease payments, if the interest rate implicit in the lease is not readily determinable, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the in-substance fixed lease payments.

The lessee's incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate applied is periodically determined by an external valuator. A specific discount rate is applied to a portfolio of leases with reasonably similar characteristics, depending on their duration and associated country, varying between 0% and 3.0%.

## Inventories

Inventories are valued at the lower of cost and net realisable value. The cost consists of the latest purchase price less purchase discounts plus additional direct costs using first in first out. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost for settling the sale. Unrealised intercompany gains and losses are eliminated from the inventory valuation.

## Impairment of assets

The Group reviews at each reporting date whether there are indications that an asset has been impaired. If there is any such indication or if the annual impairment testing of an asset is required, the Group estimates the asset's recoverable amount. Impairment losses are recognised in profit or loss.

An asset's recoverable amount is the higher of the fair value of an asset less costs of disposal or the cash-generating unit and the value in use. If an asset's carrying amount exceeds the recoverable amount, the asset is deemed to have been impaired and its value is written down to the level of the recoverable amount. When assessing the value in use, the present value of the estimated future cash flow is determined, applying a discount rate before tax that takes into account the current market assessment of the time value of money, and the specific risks associated with the asset.

On each reporting date an assessment is made whether there are indications that an impairment loss recognised in prior periods no longer exists or has decreased. If there is any such indication, the recoverable amount is estimated. An impairment loss recognised in prior periods is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In that case, the carrying amount of the asset is increased to the recoverable amount. This increased amount cannot exceed the carrying amount that would have been determined (net of amortisation and depreciation) if no impairment loss had been recognised for the asset in prior years. Any such reversal is recognised in profit or loss.

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

## Dividend
The holders of ordinary shares are entitled to receive dividend as determined from time to time by the Annual General Meeting.

The Management Board has the authority to decide, with the approval of the Supervisory Board, what portion of the profit will be allocated to the reserves. If applicable, the declared but unpaid dividends are recognised as a liability.

## Provisions
Provisions are recognised for legal or constructive obligations existing at the balance sheet date for which it is probable that an outflow of resources will be required and the amount can be reliably estimated. Provisions are carried at the best estimate of the amounts required to settle the obligation at the balance sheet date, being the nominal value of the expected expenditures, unless otherwise stated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

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

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

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

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

**Defined contribution plans**
This pension scheme is a collective defined contribution (multi-employer) plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to make further contributions when the fund would not have sufficient assets to cover all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit and loss, when incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments will occur.

Retirement benefits are provided through a limited number of defined contribution plans within the Group. The most significant one is described below and is applicable to the employees in the Netherlands.

The Company has a pension scheme with Retail Industrial Pension Fund (Pensioenfonds Detailhandel). The provision of the Dutch Pension Act applies to this pension scheme and premiums are paid on a compulsory or contractual basis. Pensioenfonds Detailhandel uses January salary as a pensionable salary basis. Pensioenfonds Detailhandel increases the pensions partly in line with the consumer price index when the coverage ratio is 110% or higher. When the coverage ratio is 123% or higher, the pensions are increased in conformity with the consumer price index. The coverage ratio of Pensioenfonds Detailhandel was 117.3% at the end of 2022 (2021: 119.2%).

**Defined benefit plans**
The Group does not have any defined benefit plans.

## Taxes

Current income tax assets and liabilities are valued at the amount that is expected to be recovered from or paid to the tax authorities. The amount is calculated on the basis of the tax rates set by law and enacted tax laws, which are reviewed periodically. Current income tax items directly related to items in equity are also recognised in equity.

Deferred tax liabilities are formed based on the temporary differences on the balance sheet date between the tax base of assets and liabilities, and the carrying amount in these financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. The deferred tax liabilities are valued at nominal value.

Deferred tax assets are recognised for available tax loss carry forwards and deferred tax assets that arise from temporary differences at the balance sheet date between the tax base of assets and liabilities, and the carrying amount in the financial statements. Deferred tax assets are valued at nominal value. Deferred tax assets that arise from future tax loss carry forwards are only recognised to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on enacted tax laws. Deferred tax items are recognised in correlation to the underlying transaction either in the overview of comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset by the Group if it has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes, levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# Significant accounting policies relating to the profit or loss account

## Presentation

The presentation of the profit and loss account is based on the categorical classification. Gross profit is the result of revenue less cost of materials and services from third parties. Personnel expenses, depreciation, amortisation and impairments of fixed assets and other operating expenses are presented immediately after gross profit due to short-term influenceability and the fact that these costs do not directly relate to the level of revenue.

## Revenue

Revenue is understood as the proceeds of the sale of goods and services to third parties less discounts and similar rebates, and sales taxes. Revenue is recognised when mutual contractual performance obligations are met. Revenue is based on transaction prices allocated to individual performance obligations, being either a distinct good or service or a series of distinct goods or services that are largely the same, and showing the same pattern of transfer to a customer. Revenue from sales of goods is recognised in the profit and loss upon transfer of the right of disposal of the goods by the Group. In the circumstances when goods are instantly taken by customers, this is at the time of payment at the cash register. In the circumstances when goods are assembled and/or delivered, the sales are recognised at the moment when the transfer has led to a physical delivery of the goods to the customer.

Cash & carry sales are paid directly at purchase in the stores. Payment terms for store purchases (B2C) consist of a down payment upon purchase and a final payment upon delivery. Payment terms for wholesale activities are set at 30 days.

## Materials and services from third parties

This comprises the cost and associated services of the goods sold, after deduction of any payment discounts and purchase bonuses received, added with directly attributable purchase and supply costs.

## Expenses

Expenses are determined in accordance with the aforementioned accounting policies, and are allocated to the financial year to which they relate. Interest is recognised as an expense in the period to which it relates.

### Depreciation, amortisation and impairment
Depreciation and amortisation are calculated using the straight-line method based on the expected economic life of the underlying assets. Additions in the year under review are depreciated and amortised from the date of purchase onwards. Right-of-use assets are depreciated as of inception date.

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

## Significant accounting policies to the cash flow statement

The cash flow statement is prepared using the indirect method.

## Capital and financial risk management

### Financial risk management
The main financial risk consists of failing to achieve the budgeted revenue, and therefore the planned cash margins, mainly as a result of changes in consumer behaviour in response to changing economic conditions. Revenue and order intakes for each format are reported on a daily basis to manage this risk. On a weekly basis, data on realised margins, numbers of visitors, conversion, and average order values are provided to senior management and commented on.

Based on the analyses, adjustments are made in the marketing mix, including pricing policy and the use of advertising. In addition, cost budgets are periodically reviewed and adjusted, if necessary. Economic and macroeconomic information from the market, including sector-specific reports, is also utilised.

### Currency risk
Currency risk, arising mainly from purchases in dollars, is not hedged. A 5% change in the average dollar exchange rate would, on the basis of the purchasing volumes in the financial year, result in an effect of approximately € 0.3 million (2021: € 0.3 million) on the operating profit (EBIT), if sales prices remain the same. There are virtually no financial instruments in foreign currencies.

### Interest rate risk
The maximum interest rate risk on the credit facility would be € 0.1 million before taxation at an increase of 100 basis points (2021: € 0.1 million). The carrying amount of the financial liabilities approximates their fair value.

### Credit risk
Credit risk is limited to the wholesale operations and trade receivables under bonus agreements.

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

The expected loss rates are based on the payment profiles of revenue over a period of 36 months before 31 December 2022 or 1 January 2022 respectively, and the corresponding historical credit losses experienced within this period.

Due to the nature of the business and the non-significant position of the trade receivables, the credit risk is deemed to be immaterial.

### Liquidity risk
The approach of managing liquidity is to ensure that sufficient funds are available to meet financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or damage to the reputation of Beter Bed Holding N.V. To ensure there is sufficient cash to meet expected operational expenses, including financial obligations, actual and future cash flow requirements are regularly monitored, taking into account all expected cash inflows and cash outflows, and the rolling forecast of Beter Bed Holding N.V. liquidity reserve, which comprises cash and cash equivalents and a credit facility.

## Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In July 2021, a new credit facility was entered into which was increased to € 30 million in August 2022. For more information on the main conditions and the securities provided related to the credit facility at year-end, reference is made to note 12, 'Borrowings' (see page 130).

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

## Fair value of financial instruments

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

| in thousand €<br>2022 | Carrying amount | Out of scope IFRS 7 | Carrying value IFRS 9<br>Amortised cost | Fair value through profit and loss | Fair value[1] |
|---|---|---|---|---|---|
| Other non-current financial assets | **81** | **-** | **81** | **-** | **81** |
| Trade receivables | **1,851** | **-** | **1,874** | **(23)** | **1,851** |
| Other receivables | **6,292** | **1,976** | **4,316** | **-** | **4,316** |
| Cash and cash equivalents | **37,695** | **-** | **37,695** | **-** | **37,695** |
| | | | | | |
| Trade payables | **20,803** | **-** | **20,803** | **-** | **20,803** |
| Other liabilities | **18,697** | **11,036** | **7,661** | **-** | **7,661** |

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

| in thousand €<br>2021 | Carrying amount | Out of scope IFRS 7 | Carrying value IFRS 9<br>Amortised cost | Fair value through profit and loss | Fair value[1] |
|---|---|---|---|---|---|
| Other non-current financial assets | 117 | - | 117 | - | 117 |
| Trade receivables | 1,943 | - | 2,004 | (61) | 1,943 |
| Other receivables | 5,969 | 1,927 | 4,042 | - | 4,042 |
| Cash and cash equivalents | 38,005 | - | 38,005 | - | 38,005 |
| | | | | | |
| Trade payables | 24,240 | - | 24,240 | - | 24,240 |
| Other liabilities | 17,545 | 11,290 | 6,255 | - | 6,255 |

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

# Notes to the consolidated financial position

## 1 Intangible assets

| in thousand € | Software | Brand | Total |
|---|---|---|---|
| Cost | 18,123 | 1,644 | 19,767 |
| Accumulated amortisation and impairment | (9,006) | (370) | (9,376) |
| **At 1 January 2021** | **9,117** | **1,274** | **10,391** |
| Additions | 2,317 | - | 2,317 |
| Amortisation charges | (3,148) | - | (3,148) |
| Discontinued operations | (17) | (1,274) | (1,291) |
| **Movement 2021** | **(848)** | **(1,274)** | **(2,122)** |
| Cost | 20,368 | - | 20,368 |
| Accumulated amortisation and impairment | (12,099) | - | (12,099) |
| **At 31 December 2021** | **8,269** | **-** | **8,269** |
| Additions | **2,166** | **-** | **2,166** |
| Disposals | **(4,599)** | **-** | **(4,599)** |
| Accumulated amortisation disposals | **4,599** | **-** | **4,599** |
| Amortisation charges | **(3,643)** | **-** | **(3,643)** |
| **Movement 2022** | **(1,477)** | **-** | **(1,477)** |
| Cost | **17,935** | **-** | **17,935** |
| Accumulated amortisation and impairment | **(11,143)** | **-** | **(11,143)** |
| **At 31 December 2022** | **6,792** | **-** | **6,792** |

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

## 2 Property, plant and equipment

| in thousand € | Land | Buildings | Other fixed operating assets | Total |
|---|---|---|---|---|
| Cost | 915 | 2,012 | 27,974 | 30,901 |
| Accumulated depreciation and impairment | - | (1,572) | (23,817) | (25,389) |
| **At 1 January 2021** | **915** | **440** | **4,157** | **5,512** |
| Additions | - | - | 1,923 | 1,923 |
| Disposals | (915) | (2,012) | (198) | (3,125) |
| Accumulated depreciation disposals | - | 1,630 | 199 | 1,829 |
| Depreciation charges | - | (58) | (1,961) | (2,019) |
| Discontinued operations | - | - | (530) | (530) |
| **Movement 2021** | **(915)** | **(440)** | **(567)** | **(1,922)** |
| Cost | - | - | 28,032 | 28,032 |
| Accumulated depreciation and impairment | - | - | (24,442) | (24,442) |
| **At 31 December 2021** | **-** | **-** | **3,590** | **3,590** |
| Additions | **-** | **-** | **4,163** | **4,163** |
| Disposals | **-** | **-** | **(3,783)** | **(3,783)** |
| Accumulated depreciation disposals | **-** | **-** | **3,783** | **3,783** |
| Depreciation charges | **-** | **-** | **(1,705)** | **(1,705)** |
| **Movement 2022** | **-** | **-** | **2,458** | **2,458** |
| Cost | **-** | **-** | **28,412** | **28,412** |
| Accumulated depreciation | **-** | **-** | **(22,364)** | **(22,364)** |
| **At 31 December 2022** | **-** | **-** | **6,048** | **6,048** |

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

## 3 Right-of-use assets

| in thousand € | Right-of-use assets: Property | Right-of-use assets: Fleet | Total |
|---|---|---|---|
| **At 1 January 2021** | **35,377** | **4,236** | **39,613** |
| Additions | 3,160 | 2,689 | 5,849 |
| Modifications | 20,544 | 14 | 20,558 |
| Depreciation charges | (11,419) | (1,804) | (13,223) |
| Discontinued operations | (3,330) | (35) | (3,365) |
| Transfer to other non-current financial assets | 152 | - | 152 |
| **Movement 2021** | **9,107** | **864** | **9,971** |
| **At 31 December 2021** | **44,484** | **5,100** | **49,584** |
| Additions | **117** | **1,034** | **1,151** |
| Modifications | **6,829** | **201** | **7,030** |
| Depreciation charges | **(12,853)** | **(1,930)** | **(14,783)** |
| Transfer to other non-current financial assets | **56** | **-** | **56** |
| **Movement 2022** | **(5,851)** | **(695)** | **(6,546)** |
| **At 31 December 2022** | **38,633** | **4,405** | **43,038** |

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

### Leases

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

**Lease amounts recognised in the statement of profit or loss**

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

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

## 4 Deferred tax balances

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

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

### Movement in deferred tax balances

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

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

### Recoverability of operating losses

Beter Bed Holding N.V. has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the business plans and strategy executed. The tax losses have been capitalised to the extent to which tax profits are expected in the coming years.

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

An amount of € 8.2 million (2021: € 7.6 million) in loss carry-forwards with respect to the Belgium operations has not been recognised. Beter Bed Holding N.V.'s policy is that tax losses available for carry-forward are capitalised only if reasonable possibilities for set-off are expected within five years on the basis of a substantiated forecast of the results for tax purposes. Set-off of these losses is insufficiently probable on the basis of the information currently available. All tax losses have an indefinite term for carry-forward.

## 5 Other non-current financial assets

Other non-current financial assets are composed as follows:

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

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

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

## 6 Inventories

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

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

## 7 Receivables

### Trade receivables

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

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

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

### Information about the impairment of trade receivables and the Group's exposure to credit risk

The impairment of trade receivables is based on the expected credit losses model following the simplified approach. Reference is made to Credit risks as described under Capital and financial risk management (see page 122).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make a contractual payment for a period longer than 120 days past due. In determining the expected credit loss allowance, Beter Bed Holding N.V. considered any change in the risk profile of our debtors as a result of macroeconomic circumstances.

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

### Income tax receivable

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

### Other receivables

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

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

## 8 Cash and cash equivalents

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

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

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

## 9 Equity

### Issued share capital and share premium

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

The authorised share capital of Beter Bed Holding N.V. amounts to € 2 million and is divided into 100 million ordinary shares with a nominal value of € 0.02 each. On 31 December 2022, a total of 27,186,564 ordinary shares were issued and outstanding.

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

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

## 10 Lease liabilities

The Group leases various offices, distribution centres, retail stores, equipment and vehicles from third parties under non-cancellable lease agreements. The lease agreements vary in duration, termination clauses and renewal options. The average incremental borrowing rate applied for new contracts and extensions during 2022 was 0.94% (2021: 0.35%).

### Amounts recognised in the balance sheet

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

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

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

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

## 11 Provisions

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

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

## 12 Borrowings

### Credit facility

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

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

Under the covenants of the credit facility, Beter Bed Holding N.V. is required to meet certain performance indicators - which are tested quarterly - with regard to a total net debt to EBITDA, adjusted for exceptional items, (leverage) ratio of 2.5 and a total net worth to total adjusted assets (solvency) of 15% at inception, which is increased to 17.5% for periods ending after 30 September 2022, and will be increased to 20% for periods ending after 30 September 2023. No other credit facilities were in place on 31 December 2022.

Total net worth is defined as equity minus any subordinated loans from third parties or shareholders of the Company. Total adjusted assets are defined as total assets less current lease liabilities less non-current lease liabilities. Additionally, each quarter the guarantor coverage rate is required to be at least 85%.

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

In the event of a breach of the covenants, the bank is contractually entitled to request early repayment of the outstanding amount. At balance sheet date, Beter Bed Holding N.V. complied with all bank covenants. Under the credit facility, Beter Bed Holding N.V. has provided pledges to the lenders on its receivables, intellectual property, trade securities, and inventory.

## Changes in liabilities arising from financing activities

| in thousand € | Liabilities from financing activities | | |
|---|---|---|---|
| | Borrowings | Leases | Total |
| **Financial liabilities at 1 January 2021** | **(2,285)** | **(43,772)** | **(46,057)** |
| Repayment of borrowings | 2,285 | - | 2,285 |
| Additions | - | (27,219) | (27,219) |
| Payment lease liabilities | - | 13,673 | 13,673 |
| Discounting impact of recognised lease liabilities | - | (459) | (459) |
| Discontinued operations | - | 4,789 | 4,789 |
| **Financial liabilities at 31 December 2021** | - | **(52,988)** | **(52,988)** |
| Repayment of borrowings | - | - | - |
| Additions | - | **(8,181)** | **(8,181)** |
| Payment lease liabilities | - | **15,859** | **15,859** |
| Discounting impact of recognised lease liabilities | - | **(445)** | **(445)** |
| **Financial liabilities at 31 December 2022** | - | **(45,755)** | **(45,755)** |

## 13 Trade payables, taxes and other liabilities

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

The income tax payable as at 31 December 2021 relates to the 2021 fiscal result. The income tax position fully related to the Dutch tax authorities.

Other taxes and social security contributions, composed of VAT, labour tax, pension liabilities and social security premiums, are valued at nominal value. The other taxes and social contributions include € 1.2 million (2021: € 1.1 million) payable to the Retail Industrial Pension Fund.

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

### Other liabilities

Other liabilities are composed as follows:

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

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

## 14 Information by geographical area

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

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

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

## 15 Personnel expenses

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

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

### Full-Time Equivalent (FTE) at year-end

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

## 16 Share-based compensation

Beter Bed Holding N.V. has share-based compensation plans for members of the Management Board and certain employees as part of their remuneration. Beter Bed Holding N.V. currently operates stock option programmes and performance share units (PSUs) plans. Since 2020, Beter Bed Holding N.V. has no longer granted stock options, and only grants PSUs. The stock option plan continues to be served until the expiry date. Total charges recognised in the 2022 statement of income for both programmes amounted to € 1.6 million (2021: € 0.4 million), and are included in personnel expenses. Both programmes are considered equity settled programmes.

### PSUs

The long-term incentive rewards members of the Management Board and senior management for the achievement of the Company's strategic objectives over a three-year period. At year-end 2022, there were 15 participants of the PSU plan (2021: 14).

Under the PSU plan, an annual conditional grant of shares is awarded to the members of the Management Board and senior management. PSU plan conditions deviate between members of the Management Board and senior management. On an annual basis, members of the Management Board receive a conditional grant in shares to a value equivalent to 50% of their base salary. The grant is conditional, based on:

- Performance delivered on predefined targets over a three-year period; and
- Continued employment until vesting date.

Every year the Supervisory Board sets performance conditions, that reflect the intended long-term value creation and targets for the required performance levels when granting shares. The performance conditions selected and their weighting in performance assessments is published in the remuneration report for the respective year that the conditional award is made. The fair value of the PSUs is based on the share price on grant date.

At vesting, the performance delivered on each of the performance targets is assessed. If the targets are fully met, 100% of the conditionally granted number of shares will vest. Depending on the actual performance delivered, vesting may range from 60% of the conditional grant at threshold level to a maximum of 140% for the Management Board. Vested shares are entitled to dividends in shares during the performance period. Shares are not awarded in the event that performance is under the threshold level. After vesting of the shares, a further two-year holding period applies to the 2020 Management Board PSUs, 2021 Management Board PSUs, the first tranche of the 2021 one-time performance grant, and the 2022 Management Board PSUs.

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

| Year of grant | Outstanding at 31-12-2021 | Granted[1] | Applicable performance conditions and dividend equivalents | Vested | Forfeited/ expired | Outstanding at 31-12-2022[2] | Vesting date | End of holding period[3] |
|---|---|---|---|---|---|---|---|---|
| 2020 Management Board | 232,248 | - | 110,134 | - | - | 342,382 | 31-12-22[4] | 31-12-24 |
| 2020 Management | 20,334 | - | 2,376 | - | (5,333) | 17,377 | 31-12-22[4] | - |
| 2021 Management Board | 72,332 | - | - | - | - | 72,332 | 31-12-23 | 31-12-25 |
| 2021 Management | 32,334 | - | - | - | (5,333) | 27,001 | 31-12-23 | - |
| 2021 One-time performance grant tranche 1 | 240,261 | - | - | - | - | 240,261 | 31-12-23 | 31-12-25 |
| 2021 One-time performance grant tranche 2 | 240,261 | - | - | - | - | 240,261 | 31-12-25 | - |
| 2022 Management Board | - | 78,552 | - | - | - | 78,552 | 31-12-24 | 31-12-26 |
| 2022 Management | - | 44,500 | - | - | - | 44,500 | 31-12-24 | - |

1 At target performance level.
2 All PSUs outstanding with a vesting date in the immediate future have € 0.15 dividend (equivalent) accrued.
3 The management PSUs and tranche 2 of the one-time performance grant are not subject to a two-year holding period.
4 The performance period ended on 31 December 2022. In January 2023 the Remuneration Committee concluded that the applicable performance conditions were met. Therefore, these PSUs, including its dividend equivalents, vested in January 2023.

## Stock option programme

Under the option programme, a number of options are granted to members of the Management Board and senior management each year. At year-end 2022, there were 6 participants of the option programme (2021: 7).

On being appointed as CFO, and in line with the Remuneration Policy of the Company, Mrs Reijnen was awarded a single grant of 100,000 signing options as approved by the AGM in 2020. The 2020 signing options may only be exercised after the completion of a three-year vesting period. Vesting of the options is independent of performance indicators.

Options are exercised at the discretion of the holder. These may, however, only be exercised after the completion of a three-year vesting period. In terms of the CEO and management options 2019, the TSR ('Total Shareholder Return') of Beter Bed Holding N.V. achieved after three years, is compared with the TSR of nine comparable nationally and internationally listed companies that jointly form a peer group. The Company ranked five out of nine and, as a result, these options are vested at the 75% threshold.

The table below summarises information about the stock options outstanding at year-end.

The fair value of the options is determined using the Monte Carlo simulation models (applicable for the management options) and the binomial tree model (applicable for signing options of the CFO). These models contain input variables that can be highly subjective in nature, including the risk-free interest rate, exercise price, share price at date of the grant, and expected share price volatility. Volatility is determined using the historical volatility of the Beter Bed Holding N.V. share price. BBH's employee stock options have characteristics that are significantly different from those of traded options, and changes in the subjective input assumptions can affect the fair value estimate. There are no market conditions applicable to the grant.

The inputs used are summarised in the following table:

| | 2020 Signing options | 2019 Options[1] |
|---|---|---|
| Share price at grant date (€) | 1.62 | 4.41 |
| Exercise price (€) | 1.66 | 4.34 |
| Expected volatility | 58.51% | 28.55% |
| Expected average option life in years | 4 years | 5 years |
| Weighted average risk-free rate | (0.61) | (0.34) |
| Dividend yield | 0.00% | 0.36% |
| Fair value of option granted (€) | 0.69 | 0.91 |

1 2019 Options contain both Management Board members and management options.

| Year of grant | Outstanding at 31-12-2021 | Granted | Exercised | Forfeited/expired | Outstanding at 31-12-2022 | Exercisable at 31-12-2022 | Exercise price (€) | Vesting date | Expiry date |
|---|---|---|---|---|---|---|---|---|---|
| 2019 Management options | 45,000 | - | - | (18,750) | 26,250 | 26,250 | 4.34 | 24-04-22 | 24-04-24 |
| 2019 Options (CEO) | 50,000 | - | - | (12,500) | 37,500 | 37,500 | 4.34 | 24-04-22 | 24-04-24 |
| 2020 Signing options (CFO) | 100,000 | - | - | - | 100,000 | - | 1.66 | 01-01-23 | 01-01-24 |

## 17 Other income

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

## 18 Depreciation, amortisation and impairment

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

## 19 Other operating expenses

The other operating expenses are comprised as follows:

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

## 20 Finance costs

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

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

## 21 Income tax

The reconciliation between the effective tax rate and the results of the calculation of the profit before taxes, multiplied by the local tax rate in the Netherlands on 31 December, was as follows:

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

The effective tax rate in the 2022 profit and loss account is 32.4% (2021: 12.1%). In 2022, the effective tax rate was mainly impacted by non-deductible share-based compensation expenses that result in a permanent difference. In 2021, the effective tax rate was mainly impacted by the tax credit recognised in relation to the divestment of the Swedish operations.

The item tax in the profit and loss account comprises the following:

| in thousand € | 2022 | 2021 |
|---|---|---|
| *Current tax expenses* | | |
| Current tax on fiscal profits for the year | **2,558** | 3,551 |
| Adjustment of current tax of previous periods | **21** | 710 |
| Realisation deferred tax assets | **(3,584)** | - |
| **Total current tax expense/(benefit)** | **(1,005)** | 4,261 |
| *Deferred income tax* | | |
| Decrease/(increase) in deferred tax assets | **3,631** | (2,441) |
| Increase/(decrease) in deferred tax liabilities | **(95)** | (89) |
| Tax rate adjustment in deferred positions | **-** | (5) |
| **Total deferred tax expense/(income)** | **3,536** | (2,535) |
| **Income tax expense** | **2,531** | 1,726 |

## 22 Earnings per share

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

**Reconciliation of earnings used in calculating earnings per share**

| in thousand € | 2022 | 2021 |
|---|---|---|
| **Basic earnings per share (numerator)** | | |
| Result attributable to the ordinary equity holders of the Company used in calculating basic earnings per share: | | |
| - From continuing operations | **5,271** | 12,548 |
| - From discontinued operations | - | 1,349 |
| **Total result used in calculating basic earnings per share** | **5,271** | 13,897 |

**Weighted average number of shares used as the denominator**

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

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

## 23 Remuneration of the Management and Supervisory Board

A full overview of the remuneration of the members of the Management Board and the Supervisory Board is included in the Remuneration report.

The remuneration expenses of members of the Management Board in 2022 and 2021 were as follows:

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

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

At the end of the financial year, Mr Kruijssen held 10,000 shares in Beter Bed Holding N.V.

The remuneration of the members of the Supervisory Board in 2022 and 2021 was as follows:

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

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

The members of the Supervisory Board hold no shares nor exercisable options on shares in Beter Bed Holding N.V.

The Company complies with, among other regulations, the Dutch Corporate Governance Code of 8 December 2016 (the 'Code'). Deviations from the Code, regarding the Board's remuneration and its adjustments thereof, are explained in this report in accordance with the Code's 'comply or explain' principle.

## 24 Events after the balance sheet date

Subsequent to the date of the balance sheet, there are no events material to the Group as a whole that require disclosure in this note.

## 25 Related party transactions

The companies listed in principles of consolidation (see page 114) are included in the consolidation of Beter Bed Holding N.V. and its participating interests.

Beter Bed Holding N.V. has issued declarations of joint and several liability for all Dutch group companies in relation to financial year 2022, with the exception of European Bedding Participations B.V., for the obligations arising from legal transactions entered into by these group companies. Pursuant to these letters of guarantees, the Dutch group companies have made use of the exemption options laid down in Section 403, paragraphs 1 and 3, of Part 9, Book 2 of the Dutch Civil Code. The declaration of joint and several liability for Nordic Bedding Company (NBC) B.V., for the obligations arising from legal transactions entered into by this entity, was withdrawn by Beter Bed Holding N.V. on 25 January 2023.

The financial relationships between Beter Bed Holding N.V. and its participating interests consist almost exclusively of fundings through the issuance of new shares, interest on loans provided, and the repayment of the perpetual shareholder loan. Besides this, and as per stated in the table below, there were no transactions in 2022 between the Company and natural or legal persons holding at least 10% of the shares in the Company that were of material significance to the Company and/or the persons concerned.

### Key management personnel compensation

| in thousand € | 2022 | 2021 |
|---|---|---|
| Management Board employee benefits | **3,230** | 2,080 |
| **Total** | **3,230** | 2,080 |

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

### Transactions with other related parties

| in thousand € | 2022 | 2021 |
|---|---|---|
| Interest on equity instruments | - | 209 |
| Repayment perpetual shareholder loan | - | (4,023) |
| Newly issued shares to existing shareholders | - | 6,453 |

# Company balance sheet

**At 31 December and before result appropriation**

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

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

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

## Company profit and loss account

**For the year ended 31 December**

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

# Notes to the company financial statements

## General information

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

The company financial statements have been compiled on the basis of Title 9, Book 2 of the Dutch Civil Code. Beter Bed Holding N.V. uses the option of article 362.8 Title 9, Book 2 of the Dutch Civil Code to prepare the company financial statements, using the same accounting policies as in the consolidated financial statements (IFRS as adopted for use in the European Union). These policies also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary, and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognised from the date that control ceases.

The participating interests in group companies are valued at the net asset value calculated in accordance with Beter Bed Holding N.V.'s policies. The share in the results from participating interest consists of the share of Beter Bed Holding N.V. in the results of its participating interest. When a participating interest has a negative equity, the sequence is as follows: first, the valuation of the participating interest is reduced; second, a write-down is then applied to the amounts owed by this participating interest insofar as these are an increase of the net investment in the participating interest; and third, then a provision is formed.

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

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

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

## 26 Financial assets

This item includes the participating interests in the Group companies (see page 114) and the amounts owed by the Group companies.

Movements in this item were as follows:

| in thousand € | Share in subsidiaries | Loans | Deferred tax assets | Total |
|---|---|---|---|---|
| **Balance at 1 January 2021** | **66,150** | **500** | **-** | **66,650** |
| Net income from subsidiaries: profit/(loss) | 14,661 | - | - | 14,661 |
| Dividend distribution | (62,300) | - | - | (62,300) |
| Offset to subsidiaries with negative equity value | (278) | - | - | (278) |
| Exchange rate differences | 66 | - | - | 66 |
| Issuing of loan | - | 400 | - | 400 |
| Recognition of deferred tax assets | - | - | 3,500 | 3,500 |
| **Balance at 31 December 2021** | **18,299** | **900** | **3,500** | **22,699** |
| Net income from subsidiaries: profit/(loss) | **10,057** | **-** | **-** | **10,057** |
| Dividend distribution | **(10,300)** | **-** | **-** | **(10,300)** |
| Offset to subsidiaries with negative equity value | **538** | **-** | **-** | **538** |
| Repayment of loan | **-** | **(900)** | **-** | **(900)** |
| Recognition of deferred tax assets | **-** | **-** | **84** | **84** |
| Transfer to current income taxes | **-** | **-** | **(3,584)** | **(3,584)** |
| **Balance at 31 December 2022** | **18,594** | **-** | **-** | **18,594** |

In July 2020, the Company issued a term loan facility of € 2.2 million to its subsidiary Nordic Bedding Company (NBC) B.V. Under this facility an amount of € 0.9 million was drawn as at 31 December 2021. This facility was, upon the completion of the dissolvement of the Swedish legal entities, completely repaid in November 2022. The interest rate of this loan was six months EURIBOR increased by a spread of 3.75%. No securities were put in place.

## 27 Other receivables

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

Beter Bed Holding N.V. uses a cash pool structure as a result of which there are only short-term current account intra-group balances. These intra-group balances are unsecured and carry no interest. The fair value of these intra-group balances does not differ from their carrying amounts.

All receivables fall due within one year.

## 28 Cash and cash equivalents

This item relates to the balance of cash in hand and at the bank. The cash and cash equivalents are at the full disposal of the Company.

## 29 Total equity

The authorised share capital of Beter Bed Holding N.V. amounts to € 2 million and is divided into 100 million ordinary shares with a nominal value of € 0.02 each. On 31 December 2022, a total of 27,186,564 ordinary shares were issued and outstanding (31 December 2021: 27,186,564).

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

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

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

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

## 30 Other liabilities

The breakdown of this balance sheet item is as follows:

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

Beter Bed Holding N.V. uses a cash pool structure, as a result of which there are only short-term current account intra-group balances. These intra-group balances are unsecured and carry no interest. The fair value of these intra-group balances does not differ from their carrying amounts.

All amounts included in the current liabilities are due within one year.

## 31 Commitments not included in the balance sheet

Together with the other Dutch operating companies, the Company is part of a fiscal unity for corporation tax purposes. Each of the operating companies is jointly and severally liable for the tax payable of all operating companies included in the fiscal unity. The Company settles the corporation tax with the operating companies concerned on the basis of the profit or loss before income tax of the operating company concerned. The Company does not form a fiscal unity for VAT purposes.

Beter Bed Holding N.V. has issued declarations of joint and several liability for all Dutch Group companies, with the exception of European Bedding Participations B.V., for the obligations arising from legal transactions entered into by these Group companies. Pursuant to these letters of guarantees, the Dutch Group companies have made use of the exemption options laid down in Section 403, paragraphs 1 and 3, of Part 9, Book 2 of the Dutch Civil Code. The declaration of joint and several liability for Nordic Bedding Company (NBC) B.V., for the obligations arising from legal transactions entered into by this entity, was withdrawn by Beter Bed Holding N.V. on 25 January 2023.

## 32 Income Taxes

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

## 33 Events after the balance sheet date

Subsequent to the date of the balance sheet, no events material to the Company occurred that require disclosure other than mentioned under note 24 (see page 138).

## 34 Audit fees

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

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

## 35 Appropriation of result

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

| in thousand € | 2022 | 2021 |
|---|---|---|
| Profit for the year | **5,271** | 13,897 |
| Addition to reserves[1] | **(1,193)** | (9,819) |
| **Available for payment** | **4,078** | 4,078 |

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

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

Uden, the Netherlands, 9 March 2023

| Management Board | Supervisory Board |
|---|---|
| A.J.G.P.M. Kruijssen, CEO | B.E. Karis, Chair |
| G.E.A. Reijnen, CFO | B.M.A. van Hussen, Vice Chair |
| | A. Beyens |
| | M.C. Schipperheijn |

## Simmons

# Independent auditor's report

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

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

### Our opinion

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

The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

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

The company financial statements comprise:

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

### Basis for our opinion

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

We are independent of Beter Bed Holding N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

## Information in support of our opinion

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

### Our understanding of the business

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

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

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

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

## Materiality

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

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

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

## Scope of the group audit

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

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

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

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

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

**Teaming and use of specialists**

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

## Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as $CO_2$ reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger $CO_2$ footprint.

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

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

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

**Our responsibility**

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Our audit response related to fraud risks**

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

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

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

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

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

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in the 'Use of estimates' section of the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

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

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

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

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

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

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

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

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

## Our audit response related to going concern

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

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

Based on our procedures performed, we did not identify material uncertainties about going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

## Our key audit matters

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

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

| Management override by applying inappropriate cut-off for revenues per year-end (Note 14) | |
|---|---|
| **Risk** | Revenue is an important key measure used to evaluate the performance of the group by various stakeholders. In 2020, Beter Bed Holding N.V. introduced the growth strategy 'Strategy 2025' with revenue being the key driver of the expected growth. In addition, incentive plans are in place that contain specific revenue (related) targets, impacting the remuneration of management made public. These factors could lead to pressure and incentives to overstate revenues.<br><br>For revenue recognition it is important that the revenue is recognised upon the transfer of control over the goods. When goods are instantly being taken by consumers in the shop, this is at the time of payment at the cash register. When goods are assembled and/or delivered, the sales are recognised at the moment the transfer has led to a physical delivery of the goods. There is a risk that for transactions near year-end the control of the goods is not yet transferred to the customer. In addition, revenue recognition may be impacted by subsequent returns of goods to the company. Management is in a position to influence the recorded year-end revenue-related adjustments.<br><br>As a result, we identified the risk for management override resulting in applying inappropriate cut-off for revenues per year-end as a key audit matter. |
| **Our audit approach** | We obtained an understanding of the revenue agreements and, with the use of data analytics, analysed the journal entry data of the revenue and receivable process for 2022. We performed a walkthrough to confirm our understanding of the process, including the procedures performed by the company to address the risk of inappropriate revenue cut-off and processing of manual journal entries.<br><br>We paid attention to whether deficiencies in the process may create additional opportunities for fraud and incorporated respective procedures in our audit approach.<br><br>We also performed substantive audit procedures on revenue transactions by performing analytical procedures per sales channel and analysing the transactional data for 2022 (including analysing trends and booking patterns to identify transactions outside the normal course of business). Also, for a sample of customer payments collected throughout the year, we vouched the bank statement including the customer payment to the underlying invoice, evidencing the occurrence and correct measurement of the revenue transaction.<br><br>We performed the following specific audit procedures as a result of the identified fraud risk for cut-off of revenues recorded near year-end:<br>• We reviewed transactions near year-end and determined whether revenues are recognised in the correct period by performing analytical procedures, including trend and source analyses.<br>• We performed cut-off procedures over the revenues recorded in the last 5 working days of the financial year, in which we for a sample vouched the underlying invoice and delivery support.<br>• We evaluated the nature of manual journal entries which impact revenue with a low threshold, and obtained detailed explanations and support where deemed necessary.<br>• Using data analytics, we performed a correlation analysis between revenue, accounts receivable, and cash and obtained detailed explanations and support for transactions outside the expected recording patterns.<br>• We reviewed samples of credit invoices sent, as well as payments made to end-customers in 2023, in order to determine whether revenue in 2022 should be reversed. |
| **Key observations** | We have evaluated the appropriate cut-off of revenues recognised as per year-end of 2022. We concur with the revenue accounting policy as disclosed in section 'Significant accounting policies relating to the profit or loss account' as well as the accurateness and completeness of the disclosed revenues in note 14 of the annual report. |

## Report on other information included in the annual report

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

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

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

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

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

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements and ESEF

### Engagement

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

### No prohibited non-audit services

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

### European Single Electronic Format (ESEF)

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

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Beter Bed Holding N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

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

Our examination included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

## Description of responsibilities regarding the financial statements

### Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Communication

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

In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 9 March 2023

Ernst & Young Accountants LLP

I.H.G. Hengefeld

# Appropriation of result pursuant to the articles of association

Article 34 of the articles of association states the most important provisions pertaining to the appropriation of result:

## Paragraph 1

Every year the Management Board, subject to approval from the Supervisory Board, determines the proportion of the company's profit – the positive balance of the profit and loss account – to be added to the Company's reserves.

## Paragraph 2

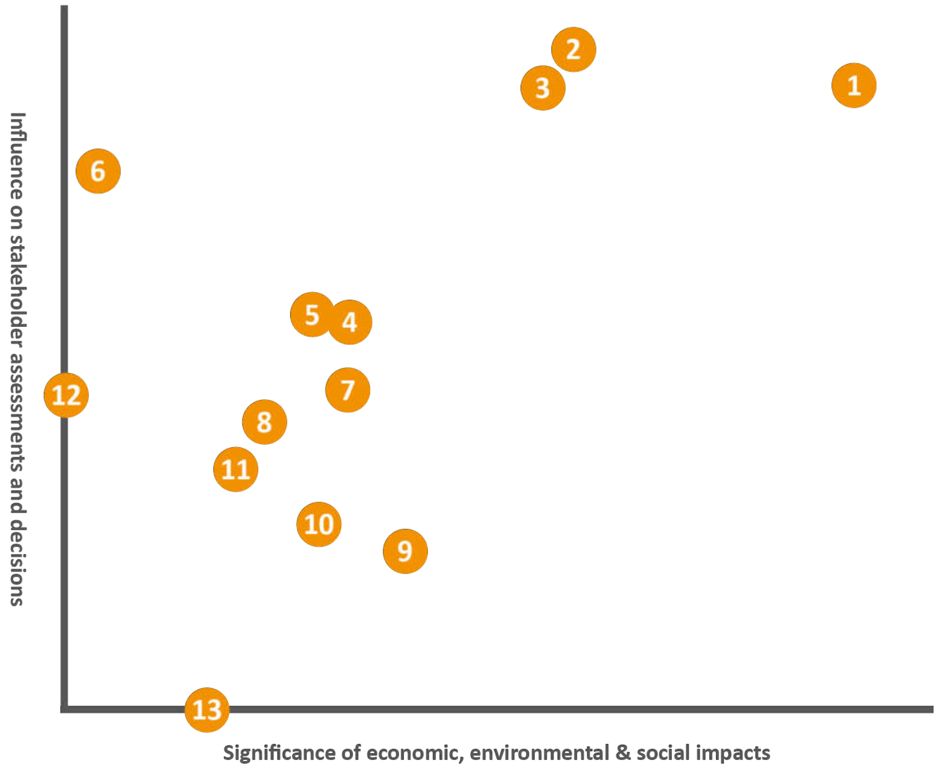
The profit remaining after the reservation pursuant to the previous paragraph shall be placed at the disposal of the Annual General Meeting.

# Materiality matrix

## Topics

1. Durable product development
2. Innovation for better sleep
3. Collaboration for reuse & recycling
4. Customer awareness
5. Sustainable operations
6. Accessibility & affordability
7. Employee well-being
8. Certified materials
9. Talent attraction
10. Sustainable packaging
11. Training & development
12. Human rights in our supply chain
13. Diversity & inclusion

## Materiality matrix



# Management approach material topics

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

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

| Sustainable operations | | | | |
|---|---|---|---|---|
| **Policy** | **Impacts** | **Objectives & actions** | **Performance** | **Stakeholder engagement** |
| Reducing carbon emissions and waste in our operations – for instance in our offices, stores, distribution centres, transportation and travel to and from work – by promoting sustainable behaviour and introducing more sustainable facilities and transportation. | Positively impacting the environment, including by reducing Greenhouse Gas emissions. In addition, reducing emissions can reduce our costs, leading to efficiency gains, and positively impact our reputation. | To reduce the $CO_2$ emissions of our own operation by 75% in 2025. | We provide sleep solutions for and sponsor the Princess Máxima Children's hospital, refugees, the Netherlands Olympic team, professional cycling and speedskating team Jumbo Visma, Ajax football club and many others. | Many consumers value that our products are chosen by top athletes, as it underlines that link between good sleep and high performance. In addition, we receive valuable information from the elite athletes about the impact of various sleeping systems on their performance. |

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

## Management approach material topics

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

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

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

# Management approach material topics

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

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

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

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

# Capex

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

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

# Opex

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

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

# GRI table

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

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

## GRI table

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

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

# GRI table

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

# GRI table

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

## GRI table

| Indicator | | Description | Reference |
|---|---|---|---|
| | b | How the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people. | Implementation of remuneration policy in 2022 (see page 98) |
| 102-20 | | Process to determine remuneration | |
| | a | The process for designing its remuneration policies and for determining remuneration, including: | Implementation of remuneration policy in 2022 (see page 98) |
| | i | Whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration; | Remuneration report (see page 96) |
| | ii | How the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration; | Remuneration report (see page 96) |
| | iii | Whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organisation, its highest governance body and senior executives; | Remuneration report (see page 96) |
| | b | The results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable. | Other policy information and contract terms (see page 103) |

| Indicator | | Description | Reference |
|---|---|---|---|
| **Strategy, policies and practices** | | | |
| 102-22 | | Statement on sustainable development strategy | |
| | a | Statement from the highest governance body or most senior executive of the organisation about the relevance of sustainable development to the organisation and its strategy for contributing to sustainable development. | CEO's statement (see page 7) |
| 102-23 | | Policy commitments | |
| | a | Policy commitments for responsible business conduct, including: | Risk management (see page 80) |
| | i | The authoritative intergovernmental instruments that the commitments reference; | Risk management (see page 80) |
| | ii | Whether the commitments stipulate conducting due diligence; | N/A |
| | iii | Whether the commitments stipulate applying the precautionary principle; | N/A |
| | iv | Whether the commitments stipulate respecting human rights; | Human rights & supply chain (see page 63) |
| | b | Describe its specific policy commitment to respect human rights, including: | Human rights & supply chain (see page 63) |
| | i | The internationally recognized human rights that the commitment covers; | Human rights & supply chain (see page 63) |
| | ii | The categories of stakeholders, including at-risk or vulnerable groups, that the organisation gives particular attention to in the commitment; | Materiality and stakeholder engagement (see page 40) |

# GRI table

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

# GRI table

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

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

# GRI table

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

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

# GRI table

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

# Colophon

This annual report is published by

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## Report

Period: 2022 calendar year
Annual report publication date: 10 March 2023
Publication date of previous annual report: 11 March 2022

NOTE TO THE READER

This document is the PDF/printed version of Beter Bed Holding's 2022 Annual Report and has been prepared for ease of use. The 2022 Annual Report in European Single Reporting format (the ESEF reporting package) is the official version. The ESEF reporting pack is available at the Dutch Authority for the Financial Markets (AFM). In case of any discrepancies between this PDF version and the ESEF reporting package, the latter prevails.


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