



MINUTES OF THE ANNUAL GENERAL MEETING OF BETER BED HOLDING N.V.

Held on Thursday, 19 May 2016 at 2.00 p.m. in the Hilton Hotel, Apollolaan 138, Amsterdam, the Netherlands.

Present on behalf of Beter Bed Holding N.V.

Supervisory Board:

Mr D.R. Goeminne (Chairman)
Mr A.J.L. Slippens (Vice Chairman)
Ms E.A. de Groot
Mr W.T.C. van der Vis

Management Board:

Mr A.H. Anbeek (Chief Executive Officer)
Mr B.F. Koops (Chief Financial Officer)

1. Opening

The Chairman called the meeting to order and welcomed the shareholders. After counting the votes, the Chairman stated that of the total of 21,955,562 shares outstanding, 15,955,936 shares carrying voting rights (72.67%) were represented at this meeting. This number enabled legally valid resolutions to be taken.

After introducing the Supervisory Board and the Management Board, he welcomed, in the following order, Mr W. van Rooij (the auditor from PwC) and his colleague J. Dekker, Mr R. Brockmöller (Managing Director of Matratzen Concord GmbH) and Mr B. de Nijs (Group Controller at Beter Bed Holding N.V.) and the representatives of the Executive Committee of the Works Council of Beter Bed B.V.

The proxy votes were cast by Mr R. van Bork, civil-law notary at Loyens & Loeff.

The Chairman designated Ms G. de Jong as Secretary of the meeting, who was asked to take the minutes of this meeting. In accordance with article IV.3.10 of the Corporate Governance Code, the minutes of the Annual General Meeting of 19 May 2015 were posted on the corporate website of the company within three months after the meeting. No comments were received during the subsequent three months, after which the minutes were adopted and signed by the Chairman and the Secretary. A sound recording was made of the meeting.

All relevant and current information for the company is available on the corporate website, www.beterbedholding.com. The annual report and the CSR report are available on www.annualreportbeterbedholding.com and www.CSR.annualreportbeterbedholding.com respectively. Starting next year, only an eco-version of the annual report will be made available at the Annual General Meeting.

2. Discussion of the 2015 annual report

On the basis of a presentation, the Management Board commented on the main developments in the 2015 financial year. The presentation is available on www.beterbedholding.com.

Mr Koops commented on the financial results.

Slide 4: from the third quarter 2014, the company achieved growth in revenue in seven successive quarters. The chart shows a strong comparative basis versus 2014. Although the strong growth of the first and second quarters slowed down to some extent in the second half of 2015, growth in comparable stores nonetheless continued. Revenue achieved in the first quarter 2016, at € 106.9 million, was the second-highest in a long time.

Slide 5: as in the previous slide, the chart shows an increase in EBIT from the third quarter 2014. In the first quarter 2016, the company reported EBIT of € 10.1 million.

Slide 6: earnings per share grew from € 0.77 in 2014 to € 1.03. Following several years of cautiousness, investment increased to € 16.0 million in 2015 (2014: € 13.2 million). Of that amount, some € 3 million was invested in repurchasing the distribution centre in Nieuw-Vennep that had previously been leased by the company via a sale-and-lease-back arrangement. Around € 9 million was invested in upgrading and opening stores and some € 4 million in IT and logistics. The company expected to maintain this level of investment in the years ahead. Owing to an increase in items including tangible fixed assets, the accounts receivable position and higher inventories compared with a substantial increase in the accounts payable position, the balance sheet total rose by € 14.6 million to € 131.7 million in 2015, reflecting robust growth of the company.

Slide 7: the profit and loss account for 2015 showed an increase in net revenue by 5.9% to € 385.4 million. Growth in comparable stores was 5.4%. Gross profit increased by 40 basis points to 57.7% in 2015. Owing to the substantial revenue growth and the associated higher bonus payments, staff costs increased from € 89.9 million in 2014 to € 92.2 million. Depreciation and amortisation rose, partly as a result of increased investments. The increased revenue also led to an increase in other expenses. These were reflected in an increase of logistics costs and additional investments in marketing. Total operating expenses increased to € 191.5 million (2014: € 185.6 million). Total operating expenses as a percentage of revenue decreased from 51.0% in 2014 to 49.7%. EBIT increased from € 23.0 million (6.3%) in 2014 to € 30.7 million (8%). Due to higher income tax percentages in the countries in which the company operates, taxation rose from € 5.9 million in 2014 to € 8.1 million. EBITDA rose from € 31.3 million (8.6%) in 2014 to € 41.1 million (10.7%). Net profit totalled € 22.6 million (5.9%), compared with € 16.5 million (4.6%) in 2014.

Slide 8: the profit and loss account for the fourth quarter 2015 shows that this was an important quarter for the company. The cost base remained level due to operational efficiency. Despite the challenging comparative basis, gross profit increased substantially in that period (60.6% versus 58.8% in the fourth quarter 2014). On balance, net profit rose from € 7.5 million in 2014 to € 9.3 million.

Slide 9: the consolidated balance sheet shows the following movements: tangible fixed assets on the assets side increased by € 5.6 million to € 34.5 million and intangible assets decreased by € 40K (2014: € 3.5 million). The financial assets, comprising security deposits and a deferred tax asset arising from the acquisition of BettenMax in Austria, increased to € 1.6 million. Due to the opening, on balance, of 32 stores as at the end of the year and a strategic choice for more efficient deliveries, inventories increased from € 53.5 million in 2014 to € 57.9 million, of which € 50.9 million was in stores (particularly Matratzen Concord stores). The cash position improved by € 4.6 million.

Slide 10: on the liabilities side, equity rose to € 75.8 million (2014: € 68.6 million). The item provisions of € 500K consists of the remaining amount recognised to pay the lease contracts in the next four to five years for Slaapgenoten and Matrassen Concord stores that were closed last year. This item will be eliminated in due course. Total debt rose from € 45.0 million in 2014 to € 53.1 million. Coming from a net working capital position of some € 40 million in 2013, net working capital continued to decrease in 2015, to € 13.5 million. The strong cash position helped the company in negotiations with suppliers and lessors and other parties. Solvency decreased to 57.5% (2014: 58.6%).

Slide 11 + 12: cash flow from operating activities increased from € 34.3 million in 2014 to € 36.0 million. Cash flow from investing activities was € 15.5 million negative in 2015 compared with € 12.2 million negative in 2014. Due to factors such as the exercise of options, shares were reissued and cash flow from financing activities was € 15.9 million negative (2014: 6.8 million negative). The movement in net cash and cash equivalents accordingly was € 4.6 million compared with € 15.3 million in 2014.

In sum, Mr Koops looked back on a good 2015 and a positive start to the first quarter of 2016.

Mr Anbeek continued the presentation.

Slide 14 + 15: the vision and mission of Beter Bed Holding were unchanged. One of the spearheads, becoming market leader in the 'value for money' segment in Europe, was achieved in Austria as well in the past year through the acquisition of BettenMax. In order to achieve the mission more emphasis is being placed on maximising and measuring customer satisfaction at all possible contact moments that the company had with the customers.

Slide 16: in addition to increasing customer satisfaction, the company had formulated an increase in net profit, a strong and healthy balance sheet and CSR as key targets.

Slide 17 to 21: in October 2015, a new strategy '*From Good to Great*' for the period 2016-2020 was drawn up and approved by the Supervisory Board. This is being implemented at present in the various countries. The strategy was formulated in outline around the pillars of customer satisfaction, retail marketing/innovation, omnichannel/e-commerce, expansion and more flexible and faster logistics. The key focus areas within retail marketing were tighter positioning of the BBH formats, increasing customer satisfaction, improving transaction power in the Benelux and attraction power in the other countries, investing in (online) marketing/advertising, product and brand innovation and investing in the training sales and logistics employees. These topics are highly important for the company and are designed to lead to an optimal customer experience. In the field of omnichannel/e-commerce, the customer experience should likewise be maximal and the customer journey as convenient and comfortable as possible. Substantial investments are made to achieve this in e-commerce activities and running state-of-the-art web shops. In order to prepare for the future, the e-commerce departments in the various countries will be enlarged. Expansion is taking place in existing and new countries subject to strict conditions, i.e. low investments per store, low costs and flexible rental periods, with no uncontrolled risks being taken. Growth is currently being generated in Spain, the German-speaking countries, Belgium and (hesitantly) in France, where two test stores were opened with an option for expansion to five to ten stores. Possible acquisitions are being considered in several countries. Besides France, there are several other blank spots in Europe, including the United Kingdom, Italy and Scandinavia. Online players are not being excluded in this connection. These steps will also be taken after thorough consideration and without risks. Aims on the purchasing side include improving the margin and the mix, developing the online range and optimisation of delivery times, which will decrease inventories. The company wants to move to fewer, but strategically more important suppliers with less SKUs. The focus is also on innovation and development of additional ranges suited to the bedroom furnishings offer that can be delivered through dropshipping. The key activity for Sales is the further optimisation of the omnichannel customer experience, supported by advice tools, configurators, Net Promotor Score (NPS), and customer assessment such as Ekomi. Compared with the average NPS in retail of between 0 and 20, progress had been achieved at Beter Bed in the past year, with an NPS currently moving towards 50. So the Ekomi score, which is measured at a branch level, is currently 9.0 in the Netherlands. Improving conversion and increasing order amounts continued to be as high on the agenda as before. Investments are being made in the back office by professionalisation of the HR policy and the start of a culture transformation project in which new core values are being defined and the focus will be on a team and 'high performance' culture. At Finance, the business support function is being further expanded by KPI dashboards intended to provide more supporting information, monitoring and insight for the sales department and others. In addition, the company continues to pursue working capital optimisation and cost control and reduction. The expansion of activities such as the e-commerce activities entails consequences for logistics. Therefore, the infrastructure is being further optimised, with faster and more flexible delivery becoming the new standard. As increasing numbers of deliveries are taking place via dropshipment, a reconsideration of the number of DCs in the Benelux and the location is necessary. In consultation with suppliers, delivery to the stores in Germany on a weekly basis is being made possible, reducing inventories and freeing up floor space for other products such as box springs. IT is also being prepared for the growth and the cooperation within the various countries by developing, on the basis of a robust SAP backbone, a front end that is user-friendly for customers and employees. New goals and a strategy for 2016-2020 are being defined for CSR in the second half of 2016.

Slide 22: of the CSR goals defined previously, the targeted number of signed codes of conduct (100%) and certified mattresses (83%) were achieved within the timeframe (2016) set. Although the goal of 30% had not yet been reached in the field of diversity (i.e. more women) in management, major steps are being taken at present and the company has already surpassed the 25% recorded in 2015. Compared with 2014, sickness-related absenteeism has declined slightly in the Netherlands and Germany. In the Netherlands, long-term sickness-related absenteeism has increased somewhat and short-term sickness-related absenteeism has fallen slightly on average. The percentage for recycling waste has increased again to 52%. There is room for improvement here in the countries outside the Benelux.

Slide 23: the revenue of **Matratzen Concord** grew by 5.2% to € 262.2 million in 2015. The like-for-like growth was 3.1%. The growth was achieved primarily in the first half of 2015. In the first quarter of 2016, the market in Germany contracted by 5%. This decrease was partly due to a shift in the number of shopping days.

With revenue of € 101.3 million, **Beter Bed** achieved double-digit growth (10.9%; LFL 11.6%) for the eighth consecutive quarter on a cumulative basis.

DBC (M Line) had performed well in 2015, with revenue growth of 4.6% to € 14.9 million. Despite the revenue growth of **El Gigante del Colchón** of 8.4% (€ 5.9 million), growth in comparable stores, at 0.6 %, was relatively sluggish. Four stores had just been opened in Spain in the past year. This expansion policy is being continued. Like-for-like-growth is also picking up again.

The revenue of **Beddenreus** had fallen by 2.7% to € 10.3 million in 2015. In the second half of last year, Beddenreus, like Beter Bed, initiated a relaunch of the format with positive consequences for growth. This was partly reflected in the growth in comparable stores of 6.7%.

Slide 24: after a long time, revenue in comparable stores is starting to pick up again. In 2015, like-for-like growth reached 5.4% (2014: 4.8%). All the initiatives in the field of customer satisfaction, the focus on innovation and omnichannel e-commerce and faster and more flexible delivery times should ultimately promote further like-for-like growth.

Slide 25: the policy of Beter Bed Holding is to increase gross profit annually by 0.1% to 0.2%. In 2015, gross profit of 57.7% was recorded, an increase of 0.4% compared with 2014.

Slide 26: the costs per store increased by 4.6% due to higher depreciation and amortisation and marketing, staff, logistics and overhead costs. Excluding depreciation and amortisation, costs per store rose by 3.7%.

Slide 27 + 28: the net number of stores increased from 1,127 in 2014 to 1,159. The growth was mainly due to the acquisition of the BettenMax stores in Austria.

Slide 29: there were no notable shifts in the bedroom furnishings markets, although a number of companies, including our own formats, underwent a restyling.

Slide 30 to 37: of the revenue in 2015, 68.0% came from the Matratzen Concord format. It can not really be explained why the growth of Matratzen Concord in Germany is faltering to some extent, despite the growth of the German economy. Past experience showed that this is usually a temporary trend. An increase of the box spring segment is visible in Germany. In response, the Management Board of Matratzen Concord is assessing whether opening separate box spring stores is feasible. Photographs were also shown that visualised the relaunch of the format, the brand and the advertising. The updated concept is rated more highly by the customers.

Slide 38 to 43: the recovery of the Dutch market had led to strong revenue growth and like-for-like growth at Beter Bed. That growth is partly attributable to the relaunch of the brand, the remodelling of the stores (see the photographs shown) and strong advertising. The introduction of the customer assessments and the NPS is also beginning to bear fruit. The growth of online sales is also gaining further momentum.

Slide 44 to 48: images of the store in Den Bosch show the updated concept of Beddenreus and the store layout. The remodelling of all Beddenreus stores will be completed by the end of June. The relaunch benefited like-for-like growth and thereby offer opportunities for expansion.

Slide 49: the growth of El Gigante del Colchón has been adversely impacted by the absence of a government in Spain and the stagnation of the further recovery of the economy this has entailed. Nonetheless, growth is achieved in line with the market and market share is being won.

Slide 50 + 51: in 2016 the trend of growth in revenue continues in the Benelux, Spain and Switzerland. The strong comparative basis in Germany and Austria also continues to apply. In accordance with the strategy, the focus remained on customer satisfaction, innovation, expansion and omnichannel e-commerce. The policy of a refocused positioning at Matratzen Concord is being continued. After the summer, the remodelling of the top 100 stores will be completed, with benefits expected to become manifest in the second half of 2016. Online sales are increasing in both the Benelux and in the DACH countries. Gross profit also continues to rise. Owing to the revenue growth, costs are also increasing and therefore cost control remains a priority. Lastly, spearheads such as reducing complexity and improving net working capital will continue to apply in 2016.

The presentation was closed to applause. The Chairman thanked the Management Board for the presentation and gave shareholders an opportunity to ask questions.

Mr A. Jorna, representing the Dutch Investors' Association VEB and shareholders that had given their proxies to the Association, had the following questions:

- a. Analysts considered the EBITDA increase of € 1 million reported for the first quarter to be disappointing compared with the increase of € 7 to € 8 million estimated by them for the whole of 2016. How could this be explained?
- b. In the field of omnichannel, Mr Jorna would welcome some insight into online sales and proposed that its results should be reported separately.
- c. Why are own people being deployed in the e-commerce departments instead of hiring external professionals?
- d. To what extent is collaboration with suppliers getting off the ground?
- e. If BettenMax has been acquired for € 1 and this has given rise to a deferred tax asset of € 800K, how can the badwill of some € 400K be explained and what are the synergy effects?

Mr Anbeek replied to the questions b., c. and d.

- b. The same range is sold both off- and online. If there are substantial differences, a breakdown might be a good idea. In principle, currently only the online order amounts are slightly lower and the company sees no need for separate reporting of online sales.
- c. The strategy for e-commerce has been devised with the help of experts hired externally. This company is training the people in the e-commerce departments. The aim is to build up in-house knowledge and expertise by adding 7 to 20 people as this is less expensive and enables more straightforward and flexible implementation of changes in the field of e-commerce.
- d. The number of SKUs and suppliers has decreased over the past few years. The move towards fewer but strategically more important suppliers has not been completed yet. In the end, the company wants to have three to four large suppliers.

Mr Koops replied to the other questions.

- a. That kind of estimate by analysts puts pressure on the remaining quarters of this year. The Management Board is satisfied with the first quarter and developments in the second quarter. The company is being managed on the basis of all variables (revenue, margin and costs) to achieve the EBITDAs for this year in accordance with the budget and hence generate the earnings that the shareholders are entitled to expect from the company.
- e. Mr Koops explained the arrangements for the acquisition: besides the € 1, which had been paid for the shares, the owner's debts had also been assumed. For the purposes of the opening balance sheet, tangible fixed assets had been valued at market value. Overall, a deferred tax asset of € 800K will be realised, meaning badwill will total € 300K. The actual cash-out is some € 1.5 million. With a view to synergies, the significance is in the locations of the BettenMax stores in retail parks and a number of contracts with exclusivity. In addition, volumes have been increased and the company is now the market leader in Austria in the 'value for money' segment.

Mr R. Snoeker from Nieuwkoop proposed further increasing customer friendliness by enlarging the font used on the corporate websites and asked the following questions:

- a. Why has revenue at Beddenreus decreased by 2.7% whereas like-for-like revenue has increased by 6.7%?
- b. Can it be concluded that with growth in revenue (8.4%) of El Gigante del Colchón and the revenue in comparable stores (0.6%) the newly-opened stores are posting explosive growth in revenue?
- c. What are the conclusions from the test in France?

The Chairman gratefully acknowledged the advice given by Mr Snoeker and ceded the floor to Mr Koops to reply to the questions:

- a. Beddenreus has closed one store out of a total of 35. The decrease represents 1/35th of revenue. The like-for-like growth is attributable to various factors, including the relaunch and a number of shifts within the format.
- b. The same reasoning applies to El Gigante del Colchón. The growth in revenue relates to changes in the number of stores. Four new stores compared with 33 existing stores correspond to the recorded growth in revenue.

Mr Anbeek replied to question c: the test has been progressing satisfactorily. Currently there are two stores, in Lyon and Bordeaux. The test will be continued with several new stores to be opened.

Mr M. Coenen from Uden complimented the company on the strong results, the clear explanations given in the presentation and the new developments within the store formats. He had the following questions:

- a. Is it possible, in the SAP system and given the large volumes of available data, to make forecasts and take decisions?
- b. Will it be possible to quantify in data the increase in transaction power and drawing power that has been referred to in the presentation?
- c. What is the company's strategy with regard to the employees in relation to the duration of service and the age structure?
- d. Some formats are located in the same home furnishing centre, does that have any consequences for the retail surface area to be used, as it increases the likelihood of visits to one of the formats?

Mr Anbeek replied to the questions.

- a. Although this is still a nascent development, the company is interested in this and it is on its agenda.
- b. Without making any statements on conversion, Mr Anbeek stated that major strides are being targeted in that area, which can certainly derive advantages from data analysis.
- c. The company is opting for a balanced age structure with a mix of older, experienced employees and young, enthusiastic people who are not afraid to make mistakes and learn from them.
- d. The difference is a matter of positioning. Beddenreus is positioned and designed for a slightly younger demographic with lower budgets, whereas Beter Bed focuses on a slightly older demographic. The company is deliberately opting for this strategy because both formats, with their different ranges, attracted a target group of their own. It is not known whether this offered advantages in terms of retail floor space. However, the company has scaled back its floor space in recent years and benefited from this.

Mr R. Norg from Amsterdam shared his positive experiences with Beter Bed when buying his bedroom furnishings and qualified the service both in the store and from the assembly staff as excellent. He had a critical observation concerning Spain:

- a. Considering the results over the past few years, why does the company persist with a formats in Spain?

Mr Anbeek confirmed that Spain had experienced a deep crisis with losses for the company. This had prompted Beter Bed Holding to change the business model in Spain to a cash & carry model, close a large number of stores and substantially reduce the number of m² of retail floor space. Those changes had benefited the format. While caution continues to be advisable, Spain remains a country with strategic potential. The format is organisationally ready to grow as soon as the economy picks up again, even if this can take a while yet.

Mr T. Swinkels from Erp had the following questions:

- a. Does the company intend to acquire more real estate in the future, besides the distribution centre that had been recently purchased?
- b. Will it be possible to hold the Annual General Meeting in or near Uden and to combine this with a visit to the Beter Bed/Beddenreus stores in Den Bosch?

Mr Koops replied to question a.: except for a small number of properties, which had grown historically, and the three DCs, the company did not own any real estate. The acquisition of the DC in Nieuw-Vennep arose from a sale-and-lease-back arrangement offering financial advantages for the company. Beter Bed Holding is satisfied with the present situation. Owning real estate is not an end in itself, but considering, for instance, the developments in the field of omnichannel/e-commerce and the consequences they entail in terms of logistics, it is not inconceivable that changes in distribution can occur in future.

In response to question b. the Chairman stated that the Annual General Meeting had been held in Uden a few years ago, after which it had been decided to host it in a more central location again, in Amsterdam. The suggestion would be taken into consideration.

Mr A. Jorna, representing the Dutch Investors' Association VEB and shareholders that had given their proxies to the Association, had the following questions:

- a. Has there been interest from 'private equity' in Beter Bed Holding?
- b. What is the status of the activities launched in Denmark?
- c. Referring to an earlier interview with Mr Koops, what are the views on leasing beds?
- d. Does the company participate in accommodating refugees in Europe?

Mr Anbeek replied to questions a., b. and d.:

- a. Yes, now and again. But contacts have been limited to mutual introductions.
- b. Denmark is still a blank spot in Scandinavia, where the market is being explored.
- d. Parties have been designated to supply beds and mattresses for refugees. Apart from a number of small orders for small-scale reception facilities in Germany, Beter Bed Holding has no further part in this.

Mr Koops replied to question c: leasing of beds is being considered. In connection with the circular economy, he concurs with the view that there are models that ought to work, but experiences in the market have not yet been exactly positive. The company is open to considering other earnings models, but no guarantees for specific activities can be given.

Mr C. Weel from Amsterdam asked at what rate stores would be opened in France, as only two test stores had been opened within a period of two and a half years.

Mr Anbeek stated that a test store had been started up in October 2014 in the centre of Lyon with a view to acquiring experience in the French market and with French culture and laws and regulations in order to develop the appropriate format. Thereafter, a store had been opened in a retail park in Bordeaux, with a different kind of competition. Before commencing a large-scale roll-out in France without incurring significant risks, the required time had been taken to test and evaluate the format extensively. A decision had been taken to add five to ten stores in a controlled manner and to continue the expansion on the basis of those experiences. This will include consulting Dutch retailers in France.

Mr M. Coenen from Uden asked whether the printed documents for the meeting could continue to be issued on request. He asked the following questions:

- a. Which possibilities do the available data offer to anticipate customer requirements and are loyalty programs used?
- b. Does the choice of the company for 'smart living' tie in with the use of smartphone apps or other gadgets to monitor health or sleeping habits?
- c. Is it possible to assess to a greater extent the quantifiability of the CSR targets by an audit performed by the external auditor?
- d. What is meant specifically by expansion of additional range?

Mr Anbeek replied to the following questions:

- a. This question had been answered earlier in the meeting. Within the applicable rules, the company makes use of available technology that recognises online visitors. Progress is being made in the field of loyalty.
- b. The colour formats used by the stores are independent of 'smart living'. Developments in this field are not pertinent for the company at present. However, apps are being developed in which measurements are recorded during sleep and shared.
- c. The CSR strategy and targets for the period ahead have been addressed during the presentation.
- d. These are solutions that relate to sleeping and to bedrooms, such as lighting for instance.

Mr L. van der Sanden, representing BeWeCo, asked about the views and experience of the company in the changing labour market following the recent bankruptcies of several large retailers.

Mr Anbeek stated that the organisation was not being inundated by job applications. There were vacancies throughout the company, and depending on the position, these were offered to both young people and experienced candidates. In principle, employees were hired with a view to retaining them on a permanent basis but started on flexible contracts.

Mr T. Luiten, representing BeWeCo, was puzzled by the fact that at Beter Bed, unlike at other companies, people had to pay when returning an old mattress. In addition, the mattress was a major factor in recyclability. He asked whether a policy change could take place in this respect in the coming years.

Mr Anbeek explained that a payment was requested for the plastic bag in which the old mattress had to be returned. Old mattresses are collected by the assembly/delivery staff on delivery of the new mattresses and disposed via Van Gansewinkel, with the waste segregation that is possible in that process. The further recyclability of a mattress depends on the way in which the mattresses will be manufactured in the future. A broad debate had begun on this topic on the basis of directives of the European Union. The company was certainly prepared to contribute to thinking about initiatives that could promote the circular economy. In this connection, the company sees a premium on the return of old mattresses by other companies as a form of promotion.

3. Report of the Supervisory Board

On behalf of and for the benefit of the stakeholders, the Supervisory Board monitors and supports the Management Board. The Supervisory Board ensures the continuity of the Management Board and the organisation. Both the Supervisory Board and Management Board endorse the principles for good corporate governance, as stated in the Dutch Corporate Governance Code.

The composition of the Supervisory Board is unchanged. There are no reappointments on the agenda for this year. The Supervisory Board has two committees: the Audit Committee, comprising Ms De Groot (Chairman), Mr Van der Vis and Mr Goeminne and the Remuneration Committee, comprising the whole Supervisory Board. The work of the Selection and Appointment Committee is also performed by the Supervisory Board as a whole.

Reference was made to pages 54 to 57 of the annual report, where the activities of the Supervisory Board, the Audit Committee and the Remuneration Committee in the past year are described in detail.

After an explanation provided by its Audit Committee, the Supervisory Board discussed the update of the risk assessment with the Management Board. The Supervisory Board believes that the procedures related to risk analysis, risk management, risk control and audits by the external auditor with respect to the AO/IC (Administrative Organisation and Internal Control) again provide sufficient certainty this year to issue the in-control statement relating to the operating effectiveness of the risk control and risk management system.

The Supervisory Board is conscious of the wide-ranging interests represented by the company and is aware of its responsibility to all the stakeholders.

With only one female member of the Supervisory Board, Beter Bed Holding does not meet the statutory requirement of 30% for a balanced composition of the Board. However, the percentage of women in management positions within the group has increased.

On behalf of the Supervisory Board, the Chairman expressed his thanks to all employees in the various European countries. Without the major efforts undertaken by them, the results achieved in 2015 would not have been possible.

There were no further questions or comments on this agenda item.

4.a. Implementation of the remuneration policy for 2015

This agenda item provides for the discussion, pursuant to Section 2:135 subsection 5a of the Dutch Civil Code, of the implementation of the remuneration policy for the Management Board and the Supervisory Board. This is based on the disclosures relevant to the remuneration policy, as referred to in Sections 2:383c to 2:383e of the Dutch Civil Code.

The remuneration policy for the Management Board was unchanged compared with 2014. For the application and key features of the remuneration policy in 2015, reference was made to the Remuneration report (page 58 of the annual report) and agenda item 7a.

The remuneration of the Supervisory Board was likewise unchanged compared with last year.

More information was available in the notes to the consolidated balance sheet and profit and loss account in the annual report (page 88).

Besides the question from Mr Jorna concerning options, which was addressed in agenda item 7b, there were no further questions or comments.

4.b. Consideration of the financial statements for the 2015 financial year

The financial statements are set out from page 64 of the annual report.

With regard to this agenda item, Mr A. Jorna, representing the Dutch Investors' Association VEB and shareholders that had given their proxies to the Association, asked the following questions:

- a. He appreciates the reduction in working capital, but wonders whether no agreements can be made targeting swifter payment by using payment discounts?
- b. How long can the company keep the provision for a defined benefit pension of € 1.4 million for a former German manager on the balance sheet without any changes in it?

Mr Koops replied to the questions:

- a. In general, working capital reduction is not an end in itself. Agreements are made with suppliers, for instance on payment discounts. Agreements on payment discounts can be laid down in various ways: by means of negotiations, which the company bases on the principle of a win-win situation for both parties, and in the form of supplier finance, with the company giving the supplier an opportunity to finance its debtors in another way. The company is in talks with several strategic suppliers on how to implement this in practice.
- b. This was an actuarially calculated provision that changes if the interest rate fluctuated significantly. The change has been zero in the past year, but the provision has changed in previous years.

4.c. Presentation on the audit of the financial statements

The Chairman gave the floor to Mr Wim van Rooij from PwC Accountants, who used a presentation to discuss the audit procedures and the auditor's report for Beter Bed Holding. The company had, for the purpose of the AGM, suspended PwC's duty of confidentiality.

The format of the unqualified auditor's report on the financial statements for 2015, which had been issued on 10 March 2016, was the same as that of the predecessor auditor.

On the basis of the internal controls applied by the company itself and the risks assessed by the auditor, procedures were selected and tested to the extent that the auditor intended to rely on them in his audit. These were discussed in advance in an audit plan with the Management Board and the Audit Committee, including the risk areas and focus areas, including the risk of fraud.

The materiality for the financial statements as a whole was set at € 2,890,000, based on 0.75% of the net revenue. Both qualitative and quantitative factors were taken into consideration for this purpose. The materiality for the components on which procedures were performed was lower. In close cooperation with their German colleagues, the audit strategy at Matratzen Concord GmbH was directed and reviewed on the basis of its size and risk profile. In addition to specialists in the field of taxation and employee benefits, IT specialists were also included in the audit team to audit the procedures and processes for the IT systems.

The key focus areas in the audit were the accuracy of the net revenue and the existence and valuation of the inventories. Net revenue is a significant key figure for assessing the financial performance of the organisation, involving a risk of overstating it in the financial statements. The accuracy of net revenue was tested by means of a 'three-way-match' data analysis between order-delivery-invoice and receipt of payment. The outcomes of these tests determined the substantive procedures, mainly involving tests of individual sales transactions on the basis of external documents and specific analytical review procedures.

With regard to the existence and the valuation of the inventories, testing took place of the periodic inventory counts implemented by management and the automated processing of inventory movements as a result of the sales transactions. Substantive procedures were also performed in respect of the realised margins and the valuation of the obsolescent inventories. In order to determine whether management's assessment with regard to any inventory write-downs was acceptable, an analysis was carried out on the basis of recent sales invoices from the first two months of 2016 to ascertain whether negative margins had been achieved for inventories.

The auditor considered the tone of the Management Board in the annual report to be appropriate and had determined that the required disclosures on Corporate Governance had been included in the annual report and that the annual report was consistent with the financial statements. The description of the risk management and control system included in the annual report was not inconsistent with the outcome of the financial statements audit. The main risks identified by the auditor that were relevant with regard to the financial statements were stated in the risk section of the annual report.

Mr Van Rooij had experienced his first year as auditor of Beter Bed Holding N.V. as pleasant.

Mr M. Coenen from Uden had the following questions:

- a. Will the company also engage the auditor to perform environmental accounting?
- b. Has the audit been performed adequately compared with the predecessor auditor and have any new matters been identified?

Ms De Groot, Chairman of the Audit Committee, replied to these questions:

- a. The company has decided not to include environmental accounting in the audit procedures. In the field of CSR, the long-term targets will first be redefined this year and only then will the appropriate follow-up steps be assessed.
- b. The Audit Committee is satisfied with the auditor and welcomes the fact that the new auditor has performed the audit procedures from a different perspective. This has not given rise to any new findings.

The Chairman thanked Mr Van Rooij for his presentation.

4.d. Adoption of the financial statements for the 2015 financial year

Pursuant to article 32 (2) of the articles of association, the financial statements are adopted by the Annual General Meeting. The Chairman submitted this agenda item to the vote.

There being no votes against this agenda item or abstentions, the financial statements for the financial year 2015 were adopted unanimously.

5. Dividend policy

Beter Bed Holding N.V.'s dividend policy, which was approved by the Annual General Meeting on 27 April 2005, focuses on maximising shareholder return while at the same time maintaining a solid capital position. The company's target is to pay out at least 50% of net profit to the shareholders, subject to conditions. This will occur in the form of an interim dividend following the publication of the third-quarter results and a closing dividend following the adoption of the financial statements and approval of the dividend proposal by the Annual General Meeting.

This ensures that the payment of dividend is spread evenly over the year. The payment of dividend may not result in the company's solvency ratio being lower than 30% on any date of publication. The ratio between net interest-bearing debt and EBITDA must not exceed two. Each year, with the consent of the Supervisory Board, the Management Board determines what portion of the profit is to be retained. The decision to pay an interim dividend is also subject to the approval of the Supervisory Board. The dividend policy was unchanged.

Mr M. Hartog, representing Teslin, considered this to be a good dividend policy on the basis of a good balance sheet, and the conditions set in respect of solvency and the ratio net interest-bearing debt/EBITDA were comfortably met. He wondered whether the company was perhaps financed somewhat too conservatively. This brought him to the question of continuing to consider including a portion of loan capital in the balance sheet and to subjects that had been previously discussed, such as accounts payable discounts, to enable the good results to be converted into additional value creation for the shareholders.

The Chairman thanked Mr Hartog for his advice, which will be taken into consideration.

6. Dividend proposal for 2015

On 4 November 2015, Beter Bed Holding N.V. paid an interim dividend of € 0.39 per share. Based on the net profit of € 22.6 million for the 2015 financial year, the Supervisory Board proposed to pay a final dividend of € 0.48 per share, in accordance with the Management Board's proposal. This would bring the total dividend for 2015 to € 0.87, i.e. 85% of net profit. The dividend would be made payable on 7 June 2016.

There were no questions, and therefore the Chairman submitted the proposal to the vote.

There being no votes against this proposal or abstentions, the dividend proposal for 2015 was approved and would be announced in a press release on the day after the Annual General Meeting.

7.a. Remuneration policy

For a discussion of the remuneration policy, the Chairman gave the floor to Mr Slippens, Chairman of the Remuneration Committee.

Mr Slippens referred to page 58 of the annual report for the Remuneration report. The remuneration policy was approved by the Supervisory Board and had been adopted in the Annual General Meeting on 29 April 2009, and partly adjusted in the Annual General Meeting of 25 April 2013. This policy was aimed at attracting, motivating and retaining qualified people as members of the Management Board who enable the company to achieve its strategic and operational objectives.

The Remuneration Committee advises on formulating the remuneration policy and determining the remuneration of the Management Board. While conforming to the social context, good corporate governance and stakeholder interests, the remuneration policy is performance-related, but is in reasonable proportion to that for the other members of management. For more information on the remuneration policy, reference was made to agenda item 4a.

7.b. Amendment of the employee share option scheme

Partly due to a number of questions concerning share options that were asked last year in the Annual General Meeting, the Supervisory Board recently again reviewed the share option policy as a component of the remuneration policy. The Supervisory Board decided that a number of changes were desirable and that it would submit these to the Annual General Meeting for adoption.

Slides 77 to 80 of the presentation provided a summary of the current share option scheme. Following evaluation and on the basis of advice from third parties, it was proposed to the shareholders to amend the current employee share option scheme in the following respects:

- Change of the method of vesting.
- Introduction of an international peer group that is as relevant as possible.
- Mandatory retention of shares to be acquired by statutory directors on exercising option rights.

Adjustment of the method of vesting will be as follows:

- Vesting at once after three years instead of 33% each in three years.
- Vesting on the basis of the ranking of Beter Bed Holding TSR compared with 9 selected companies (the peer group). The peer group consists of a selection of AScX-listed and international retail companies that are active in the same countries as the company. In addition, a reserve peer group has been designated, consisting of seven international companies.
- The ranking leads to a vesting percentage as stated in slide 83 of the presentation.

In the case of exercise, the employee share option scheme will be amended as follows:

- The shares to be acquired by statutory directors must be retained during four years.
- This provides an entitlement to a tax discount on the purchase price upon exercise.
- The above arrangement is optional for other participants in the employee share option scheme.

The changes stated above had been assessed in full and were appropriate within the current Corporate Governance. The Supervisory Board reserved its right to apply its discretionary powers upon exercise.

The new employee share option scheme would in principle commence as from the date of its approval and apply for the share options to be awarded for 2015.

Mr M. Hartog, representing Teslin, was pleased that the question he had asked last year had resulted in this new employee share option scheme and the alignment would be put in place. As a member of Eumedion, Mr Hartog requested that the details concerning the peer group and the vesting table already be stated in the notes to the agenda ahead of the Annual General Meeting. Lastly he asked whether remuneration in the form of shares 'as such' had been considered.

Mr Slippens took Eumedion's comment on board. Mr Hartog's question was answered in the negative.

There being no further questions or comments, the Chairman submitted the proposal to the vote.

Mr Van Bork stated that 3,393,294 of the total of 9,537,084 proxy votes voted against this proposal. The votes against the proposal had been cast on behalf of the following parties: Caceis Bank (49,266), BNY Mellon (819,196), JP Morgan Chase (1,003,544), Pictet et Cie (136,214), BNP Paribas (234,140), Deutsche Bank (937,478) and Citibank (213,456). In addition, ASR had voted against the proposal with a total of 1,568,843 votes.

With 68.90% votes for and 31.10% votes against the proposal, the Chairman stated that it had been resolved to amend the employee share option scheme.

8. Corporate Governance

The Supervisory Board and the Management Board endorse the principles of corporate governance, as set out in the Dutch Corporate Governance Code. The Chairman referred to pages 46 through 51 of the annual report. The information provided in this section relates to the Code as updated in December 2008 by the Corporate Governance Monitoring Committee.

The website www.beterbedholding.com contains a full list of best practice provisions, including a specification for each provision whether or not the company complies with it. There were no changes in the company's corporate governance policy from last year.

There were no questions or comments.

9.a. Discharge of the Management Board from liability in respect of their management

There being no questions or comments, the Chairman submitted the agenda item to the vote.

Mr Van Bork stated that the following votes had been cast against the proposal: Caceis Bank (15,800).

A majority of votes (99.90% for and 0.10% against) approved the discharge of the members of the Management Board from liability in respect of their management. The resolution was adopted with applause.

9.b. Discharge of the Supervisory Board from liability in respect of their supervision

There being no questions or comments, the Chairman submitted the agenda item to the vote.

As in agenda item 9a, Caceis Bank voted against the proposal with 15,800 shares.

A same majority as for the preceding agenda item approved the discharge of the members of the Supervisory Board from liability in respect of their supervision. Again, this was followed by applause.

10. Authorisation of the Management Board to issue (rights to) new shares

Under Article 10 of the articles of association, the Supervisory Board and Management Board requested authorisation to issue new shares and the authorisation to allocate rights to acquire shares up to a maximum of 10% of the share capital outstanding at the time of the meeting, respectively. The authorisation was requested for a period of 16 months from the date of this Annual General Meeting and was subject to the approval of the Supervisory Board. This concerned an annual agenda item.

There being no further questions or comments from the shareholders, the Chairman submitted the proposal to the vote.

Mr Van Bork voted against the proposal with 146,142 shares (0.92%) on behalf of BNP Paribas. There were no other votes against the proposal or abstentions.

This agenda item was adopted by a majority of votes (99.08%).

11. Authorisation of the Management Board to limit or exclude preferential rights

Added to the last agenda item was a request that authorisation be granted to restrict or exclude the preferential right as formulated in Article 11 of the articles of association. This authorisation was requested for a period of 16 months from the date of this Annual General Meeting and was subject to the approval of the Supervisory Board under the articles of association.

The Chairman submitted the agenda item to the vote.

Mr Van Bork stated that BNP Paribas and Citibank had voted against the proposal with 146,142 and 1,194,349 votes (8.40%) respectively.

There being no further votes against the proposal or abstentions, the Chairman stated that this agenda item had been adopted by 91.60% of the votes.

Mr A. Heinemann from The Hague expressed the view that the authorisation granted to the Management Board during the Annual General Meeting in 2015 to issue (subject to the approval of the Supervisory Board) new shares or grant rights to acquire shares should in fact be revoked by the Annual General Meeting, as he feared that the authorisation requested was to be added to the authorisation already granted last year, creating a broader authorisation for the Management Board. His position also related to this agenda item and agenda item 12.

As last year, Mr Van Bork, in his capacity as civil-law notary, explained that the view expressed by Mr Heinemann could not and should not be read into the proposals in this manner. Mr Van Bork then stated that he would consider whether this point could in future be clarified in the notes to the agenda.

12. Authorisation of the Management Board to acquire/repurchase shares in the company's own capital

This concerns an annual agenda item.

It was requested to grant the Management Board the authorisation, pursuant to Article 13 of the articles of association, to repurchase own shares up to a maximum of 10% of the number of outstanding shares. The repurchase price must not exceed by more than 10% the average closing price of the five trading days prior to the date of acquisition. How this occurs will partly depend on the results of the business. This authorisation was requested for a period of 16 months from the date of this Annual General Meeting of Shareholders.

This agenda item was submitted to the vote.

Via the proxy votes, Citibank voted against this agenda item with 226,600 (1.42%) votes. There being no further votes against this proposal or abstentions, this agenda item was adopted by a majority of votes (98.58%).

13. Reappointment of the external auditor

Partly on the advice of the Management Board and the Audit Committee, the Supervisory Board proposed to reappoint PwC as auditor for the audit of the 2016 financial statements. The audit would be performed under the responsibility of Mr W.C. van Rooij RA, partner at PwC Rotterdam.

The appointment of the external auditor was submitted to the vote.

PwC was unanimously appointed as external auditor of Beter Bed Holding N.V. for the audit of the 2016 financial statements.

14. Announcements

There were no announcements.

15. Any other business

Mr A. Heinemann from Den Haag:

- a. Are there possibilities to expand the stock option plan for less senior employees?
- b. What is the ratio of stores rented and stores owned by the company?

Mr Anbeek replied to the questions.

- a. He would take the suggestion into consideration. Mr Slippens noted that introducing such a plan would entail the problem that nothing could be arranged from a tax perspective.
- b. Except for a few stores, all stores were rented.

Mr A. Jorna, representing the Dutch Investors' Association VEB and shareholders that had given their proxies to the Association, asked whether the company was not concerned that there were few tradable shares, as around 75% of the shares were managed by major shareholders.

The Chairman did not share this concern. He could only conclude from this that Beter Bed Holding had loyal shareholders in the Netherlands and abroad who believed in the company.

Mr T. Swinkels from Erp considered the voting procedure that had been used by Mr Van Bork during the meeting to be too condensed and requested that the details of the voting results be included in the minutes.

Mr Van Bork confirmed that the voting results were included in the minutes in accordance with the law. The voting results were also placed on the corporate website.

Further to question a. from Mr Heinemann, Mr M. Coenen from Uden found it to be an interesting development that, unlike in previous years, the company now does wish to consider the possibilities. In response, Mr Slippens reiterated his previous answer, in other words. Mr Coenen had the following questions:

- a. If the customer journey is one of the focus areas of the company, can more account be taken of older people by making the website more functional and the stores more accessible?
- b. Can the use of webcasting and videocasting be considered?
- c. Can Utrecht not be chosen as a suitable location for hosting the Annual General Meeting?

Mr Anbeek replied to question a. that adjustments for older people in the stores were being considered in various ways. Mr Anbeek took the suggestion on board to remove digital hurdles for this target group.

The Chairman replied to questions b. and c.

- b. Personal attendance by shareholders continues to be preferred. Therefore, there are no plans for using webcasting.
- c. The Chairman had no objection to using Utrecht.

Mr P. Engelhard from Ouderkerk aan de Amstel returned to the debate concerning share options for less senior employees. He made the suggestion to resolve the problem by awarding a bonus to staff as had been done last year.

Mr Anbeek replied that the approach to awarding a staff bonus differed from the goal pursued in issuing the share option scheme and this could therefore not be compared.

16. Closing

The Chairman thanked the shareholders present for coming and for their contribution to the discussions and brought the meeting to a close. The meeting was closed to applause.

List of resolutions

- Adoption of the 2015 financial statements approved by the Supervisory Board.
- Approval of the cash dividend for the year 2015 at a total of € 0.87 per share.
- Adoption of the amendment of the employee share option scheme approved by the Supervisory Board.
- Discharge of the Management Board from liability in respect of their management.
- Discharge of the Supervisory Board from liability in respect of their supervision.
- Authorisation of the Management Board to issue new shares/rights to new shares up to a maximum of 10% of the number of shares outstanding.
- Authorisation of the Management Board to limit or exclude preferential rights.
- Authorisation of the Management Board to acquire/repurchase shares in the company's own capital up to a maximum of 10% of the number of shares outstanding.
- Reappointment of PwC as external auditor, under the responsibility of Mr W.C. van Rooij RA (partner).

Mr D.R. Goeminne,
Chairman

Ms G. de Jong-Ruijs,
Secretary