



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

Held on Monday, 3 December 2018 at 2.00 p.m. at the head office of Beter Bed Holding N.V., Linie 27 in Uden.

Present on behalf of Beter Bed Holding N.V.

Supervisory Board: Mr D.R. Goeminne (Chairman)

Management Board: Mr A.J.G.P.M. Kruijssen (CEO)
Mr H.G. van den Ochtend (CFO)

Absent with notification

Supervisory Board: Ms E.A de Groot
Mr W.T.C. van der Vis
Mr H.C.M. Vermeulen

1. Opening

The Chairman opened the meeting and welcomed the shareholders in attendance. Of the total of 21,955,562 shares outstanding, 7,780,814 shares carrying voting rights (35.44%) were represented at this meeting. This number enabled legally valid resolutions to be adopted.

Only the Chairman was present on behalf of the Supervisory Board. Ms E. de Groot and Mr H. Vermeulen and Mr R. van der Vis were unable to attend due to other commitments. The Chairman also welcomed Mr J. Kruijssen and Mr H. van den Ochtend on behalf of the Management Board, Mr E. Weerts and Mr J. Boerjan, respectively Group Controller and Controller at Beter Bed Holding N.V., Ms G. Melsen on behalf of the Works Council of Beter Bed B.V. and Mr A. Beyens and Mr P. Boone. Despite the absence of Mr B. Karis, who had to cancel his attendance due to an operation, his appointment remained on the agenda.

Ms G. de Jong was appointed as secretary of the meeting and took the minutes of the meeting. In accordance with the rules of the Corporate Governance Code (article IV.3.10), these would be posted on the corporate website. Ms B. van Loon acted as counting assistant and was authorised to cast the proxy votes.

An audio recording was made of the meeting.

The appointments of Mr A. Beyens, Mr P. Boone and Mr B. Karis as supervisory directors were on the agenda for this meeting. The Chairman would also discuss the press release of 16 November 2018, in which the resignations of Ms De Groot and Mr Van der Vis as members of the Supervisory Board with effect from 4 December 2018 were announced. Following the retirement of the Chairman, as announced, at the AGM of 25 April 2019 and the appointments of the aforesaid gentlemen and the financial expert still to be appointed to succeed Ms De Groot, the search for whom had already been initiated, the Supervisory Board would be at full strength again.

2. Proposal to appoint Mr A. Beyens as a Supervisory Director

In accordance with article 25 of the articles of association, the Supervisory Board nominated Mr Alain Beyens for appointment as a Supervisory Director with effect from today for a term ending after the close of the first Annual General Meeting held after four years had passed since his appointment. Owing to his excellent knowledge of retail, managing and international competence as well as his experience as CEO and Supervisory Director, the Supervisory Board considered him to be well suited to join the Supervisory Board. His curriculum vitae was available in the notes to the agenda and on the corporate website. Mr Beyens has Belgian nationality and owned no shares in the company. The Works Council of Beter Bed had approved the appointment.

The remuneration adopted in the Annual General Meeting of 19 May 2015 applied to Supervisory Directors. The chairmanship and vice chairmanship of the Supervisory Board and membership of a committee were on the recommendation of the Supervisory Board and in consultation with the Management Board. The allocation of duties and responsibilities would be determined in a subsequent Supervisory Board consultation. The remuneration would correspond to this.

Before the meeting was opened to questions, Mr Beyens introduced himself to the shareholders. He provided some details on his CV and his international experience at, among others, Ab-Inbev and Pelican Rouge. He was currently working as Operating Partner at Mid Europa Partners, Supervisory Director at Duvel Moortgat and Chairman at Moji Brendovi, Hortex and the Antwerp Management School.

The chairman then opened up the meeting to questions from the shareholders.

Mr **H. Rienks** from Nieuwerkerk aan den IJssel asked what the contribution of Mr Beyens was to solving the problems that the company was experiencing at present.

Mr Beyens replied that based on his experience as CEO, he adhered to the principle that the management team ought to push the organisation in the right direction. He explained that he came from the consumer goods world, understood retail and knew what it was to lead a company that was in trouble. Mr Beyens stated that the above elements could provide added value in his position as Supervisory Director in supporting the management in the challenge they faced.

Before Mr **A. Jorna**, representing the Dutch Investors' Association VEB and shareholders that had given their proxies to the Association, asked specific questions about the candidates, he observed that he felt it was inappropriate for the majority of the Supervisory Directors to be absent. He had the following questions:

- What was the reason for the resignation of Mr Van der Vis?
- How had the nominations for these Supervisory Directors come about?
- The appointment of three male Supervisory Directors and the departure of Ms De Groot meant a step backwards in terms of diversity. What was the reason for this?
- Had there been contact with the majority shareholders and had they nominated a Supervisory Director?

The Chairman replied to the questions, in the above order. He stated that Ms De Groot had accepted a position at a bank, with which her role as Supervisory Director was not compatible. Mr Van der Vis had announced that he would be taking on a responsibility in the near term, on which no information could be provided yet at the present time. Mr Van der Vis had stated that it would not be possible to combine this with his position as Supervisory Director. The Chairman explained that this step was not connected with the current issues at the company, nor had there been any question of a lack of expertise or lack of time. He also had to say that Mr Jorna, in his formulation of questions concerning the competencies of Mr Van der Vis and the suggestion of a forced departure, had drawn erroneous conclusions from the interview of Mr Kruijssen with IEX Media.

The Chairman continued to answer the questions and explained that the search for suitable Supervisory Directors had not proceeded via the network but via Egon Zehnder, with the customary longlists and shortlists for this. While striving for diversity had always been a basic principle for the Supervisory Board, none of the female candidates had matched the required competencies.

Finding a female candidate with the right competencies for the organisation also remained difficult in searching for a financial expert. There had been contacts with majority shareholders, in connection with which the Supervisory Board had been open to proposals for candidates. These had been taken into consideration in the procedure at Egon Zehnder. The question whether there had been a link owing to the Belgian backgrounds and/or studies of the Supervisory Directors was answered in the negative.

Mr Jorna asked whether Mr Beyens, given his other positions, had enough time to serve in the role of Supervisory Director at Beter Bed Holding which, due to the situation in which the company found itself at present, demanded a great deal of time.

Before the Chairman answered the question, Mr Beyens clarified that his activities at Moji Brendovi and Hortex arose from his position as Operating Partner. The Chairman stated that a similar question had also been asked by the Works Council. The Supervisory Board had made sure that the new Supervisory Directors were aware of the situation at Beter Bed Holding and the attention this required from the Supervisory Directors.

Before proceeding to voting, Mr **J.J. Bongers** read out a statement on behalf of **Teslin**, which is appended to the minutes. The Chairman thanked Mr Bongers for this statement.

After answering the questions, the Chairman proceeded to the vote. The 2,829,539 proxy votes were cast in favour of the appointment of Mr Beyens and there were no dissenting votes or abstentions from the shareholders in attendance. This meant that it had been established that Mr Beyens had unanimously been appointed as Supervisory Director.

The Chairman congratulated Mr Beyens and invited him to sit at the main table.

3. Proposal to appoint Mr P.C. Boone as a Supervisory Director

In accordance with article 25 of the articles of association, the Supervisory Board nominated Mr Pieter Boone for appointment as a Supervisory Director with effect from today for a term ending after the close of the first Annual General Meeting held after four years had passed since his appointment. Owing to his managerial, operational and intercultural experience, particularly in Germany, the Supervisory Board considered Mr Boone to be highly competent to serve in the role of Supervisory Director. His curriculum vitae was available in the notes to the agenda and on the corporate website. Mr Boone has Dutch nationality and did not own any shares in the company. The Works Council of Beter Bed had approved the appointment.

For the remuneration, reference was made to the previous item on the agenda as part of which this topic had been considered and been recorded in the minutes as such.

Mr Boone introduced himself and provided a brief summary of his international career in, amongst others, Asia, Latin America, Russia and Germany, in which his responsibilities included growth, transformation, repositioning as well as the sale of business units. Mr Boone had returned to the Netherlands in October. Knowing that the challenge was substantial and would require a great deal of time, he wished to commit himself to serving Beter Bed Holding in the role of Supervisory Director with great enthusiasm.

The Chairman then opened up the meeting to questions from the shareholders.

Mr **A. Jorna**, representing the Dutch Investors' Association VEB and shareholders that had given their proxies to the Association, asked the Chairman whether Mr Boone had been asked about his commitment in the event that a challenging 'job' was offered to him.

The Chairman confirmed that this had been discussed. Mr Boone added that he had given thorough consideration to this Supervisory Board membership. Should such an opportunity present itself, the Beter Bed Holding Supervisory Board membership would be part of this.

Mr **H. Rienks** from Nieuwerkerk aan den IJssel asked a question of a similar nature as that put to Mr Beyens.

Mr Boone expressed his confidence in the management which he considered to be dependable with a view to leading this operation. In his view, in addition to the supporting role as a supervisor, he could contribute constructively to the next steps in developing and driving forward the execution of the strategy. He had survived numerous challenges abroad in his career and brought this experience with him.

Mr Rienks voiced his concern that there was not much room for manoeuvring anymore and that another mistake could end badly for the company. By way of an example, he mentioned the liquidation of Imtech.

Mr Boone replied to this that a joint vision would be developed for Beter Bed's future. He firmly believed that there was room for Beter Bed in both the Dutch and the German market. While Imtech could not be compared with Beter Bed Holding, Mr Boone underlined that it was his job, together with the other Supervisory Directors, to prevent that kind of disaster. The Chairman likewise understood the concern expressed by Mr Rienks, but emphasised that every measure had been taken to promote the recovery of Beter Bed Holding.

The Chairman proceeded to the vote. The 2,829,539 proxy votes were cast in favour of the appointment of Mr Boone and there were no dissenting votes or abstentions from the shareholders in attendance. It had been established with unanimity that Mr Boone had been appointed as Supervisory Director.

Mr Boone was also asked to sit at the main table.

4. Proposal to appoint Mr B.E. Karis as a Supervisory Director

In accordance with article 25 of the articles of association, the Supervisory Board nominated Mr Bart Karis for appointment as a Supervisory Director with effect from today for a term ending after the close of the first Annual General Meeting held after four years had passed since his appointment. As had been stated at the start of the meeting, Mr Karis was not present today for his appointment due to an operation he had recently undergone. The Chairman expected him to recover swiftly, so that Mr Karis would soon be able to assume his duties as Supervisory Director.

The Supervisory Board considered Mr Karis to be highly capable to serve in the role of Supervisory Director because of his managerial and strategic experience, specifically his expertise in repositioning and revitalising retail brands.

His curriculum vitae, which was available in the agenda and on the corporate website, was discussed by the Chairman and explained in further detail. Mr Karis has Dutch nationality and did not own any shares in the company. The Works Council of Beter Bed had approved the appointment.

For the remuneration, reference was made to what had been stated in item 2 on the agenda.

Mr **A. Jorna**, representing the Dutch Investors' Association VEB and shareholders that had given their proxies to the Association, asked about the views of Mr Karis, as former CEO of Zeeman, regarding omnichannel now that Zeeman had stated in an article in the FD daily newspaper that it aimed to focus more on stores again than on the internet in its strategy.

The Chairman noted that the omnichannel strategy of Beter Bed Holding was not the same as that of Zeeman. Mr Kruijssen added that there were differences in operational management, as well as in the type of products, pricing and the shopping experience. Various talks had taken place with Mr Karis about matters such as the new strategy that had been presented at the Capital Markets Day, of which the omnichannel strategy was part. Mr Karis endorsed that strategy with the same critical perspective that the company adopted with a view to developing the right balance between the physical and online networks and the related investments, costs and efficiency considerations.

Mr Kruijssen believed that Mr Karis thoroughly understood that this was the right model for the company and that it would evolve further. Stringent targets had been set for this model as presented on 26 October and a great deal of work remained to be done.

Mr Jorna asked whether the succession to the Chairman had been taken into account in the selection of these candidates.

The Chairman confirmed this but would not make any further statements on this yet.

The Chairman proceeded to the vote. The 2,829,539 proxy votes were cast in favour of the appointment of Mr Karis and there were no dissenting votes or abstentions from the shareholders in attendance. This meant that it had been established that Mr Karis had unanimously been appointed as Supervisory Director.

A press release about the appointment of the three Supervisory Directors would be published after the closing of the stock exchange.

5. Any other business and closure

Mr Goeminne opened up the meeting to questions from the shareholders.

Mr **H. Rienks** from Nieuwerkerk aan den IJssel had not been present at the Capital Markets Day and asked a number of questions concerning, among other things, the reorganisation in Germany, the 176 store closures at Matratzen Concord, the future of Sängjätten and the strategy regarding service level and pricing. Providing brief information in response to those questions, Mr Kruijssen reiterated what had been discussed in greater detail in the presentation on that day. He invited Mr Rienks to a following Capital Markets Day, which was open to anyone to attend.

Mr Rienks was surprised by the rock-solid confidence displayed by Mr Kruijssen in the new strategy and the recovery of the organisation in Germany.

Mr Kruijssen replied that it was his responsibility as CEO to take such measures. He explained that the steps to be taken had been thoroughly considered and that the team was ready to act in accordance with them.

Following on from this, Mr **F.G. van Overbeeke** from Ugchelen confirmed that the Capital Markets Day on 26 October 2018 had been a very good meeting and that a mood of positivity had prevailed at the end of that day. He returned to the tax items in slide 73 of the presentation posted on the corporate website and asked what the issue with the German tax authorities was and whether a claim had been brought.

Mr Van den Ochtend stated that those items had been included in the presentation because the company was transparent about the relevant matters applying with regard to taxation. At present, two of these were ongoing. Firstly, Beter Bed was examining the opportunities, following the successful implementation of the discontinuation of the Spanish activities, to set off the losses from that operation in the Netherlands. In addition, there was a risk concerning German taxes in this area. Beter Bed Holding was in talks with the German Tax Office about the historical tax return and how the intercompany loan and the interest on it had been applied. As those discussions were still ongoing, he could not provide any details on this yet.

Mr Overbeeke asked whether this related to the same question to which Bart Koops referred in the 2016 annual report in connection with envisaging a negative impact on the effective tax rate of the Group as a result of the elimination of a number of tax facilities in Germany with effect from 2017. He observed that Mr Koops had stated after the close of the Annual General Meeting that this was connected with hybrid loan arrangements that needed to be adjusted, after which the matter would have been resolved, but that this would entail an increase in the effective tax burden for the Group in the future. Was Mr Van Overbeeke's understanding correct that discussion had arisen on this again now?

Mr Van den Ochtend confirmed that this did indeed relate to the same matter, which had been at issue up to the end of 2016. This had no longer been an issue as from 2017 and the tax percentage stated in the 2017 financial statements was the best estimate of the current models.

Mr **A. Jorna**, representing the Dutch Investors' Association VEB and shareholders that had given their proxies to the Association, took this up and asked whether it could be stated, approximately, what the claim would be if the outcome were to be negative for Beter Bed Holding.

Mr Van den Ochtend said that he could not make any statements on this yet. The Chairman interrupted the discussion by stating that Beter Bed Holding was still in negotiations with the tax authorities. The aim had solely been to indicate that if the issue with the German tax authorities were to be negative, it would be balanced by the other, ongoing matter concerning bringing back the losses in Spain.

Mr Van Overbeeke stated that it had not been clearly communicated that there was one issue with the Dutch tax authorities and one with the German tax authorities, in connection with which the impression had been given to some extent that these issues were treated as one.

Mr Van den Ochtend denied this and emphasised that this concerned two separate items.

Lastly, Mr A. Jorna asked the following questions:

- In what manner had the company discontinued the activities of El Gigante del Colchón?
Mr Kruijssen replied that the decision had been prepared internally and been submitted to the Supervisory Board, after which a buyer, a combination of retailer and manufacturer, had been found. In this connection, job guarantees for the employees and the take-over of almost all rental contracts had been agreed. In addition, agreements had been reached on the fixtures and fittings/constructional facilities and the ongoing order book had been/was being delivered under own management, as a result of which no additional costs had been incurred and the damage had remained limited.
- Did the 176 stores that had been closed substantiate the Management Board's decision to go back to the roots at Matratzen Concord?
Mr Kruijssen stated that they had remained on the list for closure, as they had not performed over a long period nor even in better times.
- In the agreements with the banks, why had the covenant been changed from a debt ratio to an absolute amount of the EBITDA for 2018? Was this a one-time adjustment and what had it cost?
Mr Van den Ochtend responded by saying that the company had pro-actively engaged in dialogue with the banks and had shared the plans for the reorganisation in detail. Because the Management Board foresaw risks in the ratio EBITDA/net debt as a consequence of the transformation of the company, it was agreed with the banks to adjust the covenant, on a one-time basis for the measurement moment of 31 December 2018, to an absolute EBITDA. A small fee had been paid for this.
- Had the credit facility, almost half of which had been utilised, remained unchanged and was it sufficient to finance all the plans for the coming period?
Mr Van den Ochtend explained that the existing credit facility was part of this plan which provided for being able to carry out all investments from this credit facility. This was possible by setting up a stringent programme for working capital. The fact that it had been possible to pay for the entire transformation and reorganisation from the existing facilities and funds had given rise to substantial confidence among the banks and other stakeholders.
- How did Beter Bed Holding see its future if the value creation had to come from reducing costs, decreasing working capital and increasing revenue in order to increase the return on capital?
Mr Van den Ochtend stated that the value creation would have to come from the total package that had been presented in the new strategy. All the interventions and activities should lead to a structural revenue growth of 4%-5% in the medium term and an EBITDA margin of between 7% and 9%. While this strategy was ambitious, it fitted within the possibilities and could be financed from the credit lines. At present, the company was focusing on implementing the first and second phase of the strategy, as presented at the Capital Markets Day, while working towards the medium term objectives.

Mr Jorna wished the company every success.

Mr **R.P.F. Lemoine** from Klaaswaal asked whether the bank had stated that there were other parties now administrating this or that the account had been moved to special management for non-performing loans (bijzonder beheer).

Mr Van den Ochtend confirmed that this related to the same credit facility and that therefore the talks had been conducted with the regular contact persons at the banks.

Mr **G.M. Dekker** from Utrecht had the following questions:

- Did the company expect the issue with the German tax authorities to be resolved within five years?
Mr Van den Ochtend acknowledged that this was a complex matter, but nonetheless expected this to be resolved sooner.
- How would the rental contracts of the 176 stores that were being closed be treated and what did this mean for the assets on the balance sheet?
Mr Kruijssen replied that a provision for the rental obligation had been included in the € 8 million in non-recurring costs that had been communicated and that were entailed by the reorganisation of Germany, Austria and Switzerland. The German real estate team had already been in negotiations with the lessors of those stores for a considerable time with the aim of ending these rental contracts in the near term or buying them out or transferring them to other parties. The rate of progress achieved on this was reported periodically, while at the same time seeking to minimise the financial risk. Mr Kruijssen did not expect this provision to turn out to be higher in the end.
Mr Van den Ochtend stated that if this had still not been resolved within the stated period, a provision would be recognised in the non-recurring costs and carried on the balance sheet. He confirmed that due to accounting changes, the continuing rental contract would be accounted for under IFRS 16 on the balance sheet, as a result of which the balance sheet would increase.
- Would Austria and Switzerland continue to be managed from Germany under the new strategy and how was this proceeding after the management change in Germany?
Mr Kruijssen was positive about how this management was being provided. He explained that the replacement of the management in Austria, initiated in 2017 by Bart Koops, had developed well in 2018. The matter was more complex for Switzerland, with mistakes having been made in the product range and pricing. These had been adjusted, as had the logistics structure. A management change had also taken place. The Verkaufsleiter (sales managers) of Austria and Switzerland reported to the German management, but met a more demanding profile than the average Verkaufsleiter, and were therefore better able to manage operations in their countries. There would be no change in this regard. The management had confidence in this structure and in the new Verkaufsleiter. Conditions were developing favourably in both countries.
- Did the company notice at the subsidiaries that, as a result of the closure of the stores of the Steinhoff Group, they were adversely affected by their closing-down sales and could the closing-down sales of the 176 closed stores lead to cannibalisation?
Mr Kruijssen said that no such adverse effects were experienced in connection with this. No doubt there was some cannibalisation in own stores, but Mr Kruijssen was satisfied with the planning and the progress of the closing-down sales. Mr Kruijssen replied in the negative to Mr Dekker's question whether there were annoyed faces at the branches that remained open. He illustrated this by indicating that the Management Board had toured all formats immediately after the Capital Markets Day, as part of which the new strategy had been explained to all employees. As a result of this transparency, an understanding had arisen throughout the entire group for the measures to be taken and the challenges the company faced.

Mr Dekker wished the Management Board every success.

Mr **F.G. van Overbeeke** from Ugchelen had the following questions:

- Had road shows been held before in Frankfurt and New York, with which (majority) shareholders were talks conducted or did these visits serve a different purpose?

Mr Kruijssen stated that these road shows did not serve another purpose. It was customary for road shows to be held following the publication of results for the full year or the first six months, or following an important event. Partly because of everything that was going on at Beter Bed Holding and because the share price had fallen sharply, the company was noticing that there had been greater interest after the Capital Markets Day and talks were conducted both with the existing shareholders as well as with interested potential new parties. Mr Kruijssen stated that he had recently also been in Paris for a road show.

- Where there any other parties besides Kempen that had exited as substantial shareholders in the past year?

Mr Kruijssen stated that Capfi Delen Asset Management had exited in August.

Although he would have preferred to have done this person to person, the Chairman wished in closing to thank Ms De Groot and Mr Van der Vis for their commitment and valuable contributions. The Chairman thanked the shareholders present for coming and hoped to be able to welcome them again at the General Meeting of Shareholders on 25 April 2019 or earlier, when the new Supervisory Director to succeed Ms De Groot was announced.

List of resolutions

- Appointment of Mr A. Beyens as a member of the Supervisory Board for a period of four years.
- Appointment of Mr P.C. Boone as a member of the Supervisory Board for a period of four years.
- Appointment of Mr B.E. Karis as a member of the Supervisory Board for a period of four years.

Annex

- [Statement from Teslin](#)

Mr D.R. Goeminne,
Chairman

Ms G. de Jong-Ruijs,
Secretary