MINUTES OF THE (HYBRID) GENERAL MEETING OF BETER BED HOLDING N.V.

Held on Wednesday 12 May 2021 at 14.00 hours at Van der Valk, Rondweg 2 in Uden (The Netherlands).

Present on behalf of Beter Bed Holding N.V.

Supervisory Board:	Mr B.E. Karis (chair) Mr P.C. Boone (virtually) Mr A. Beyens (virtually) Mrs B.A.M. van Hussen (virtually) Mrs M.C. Schipperheijn (virtually)
Management Board:	Mr A.J.G.P.M. Kruijssen (CEO) Mrs G.E.A. Reijnen (CFO)

1. Opening

The chair opened the meeting. Due to the COVID-19 pandemic, the General Meeting was again held virtually this year in accordance with the Temporary COVID-19 Justice and Security Act, with shareholders being asked to issue a proxy with voting instructions prior to the meeting and to attend the meeting via a live webcast. In addition to the chair, John Kruijssen and Gabrielle Reijnen were present on behalf of the Management Board of Beter Bed Holding N.V. (BBH). Michel van Agt, a civil-law notary with Loyens & Loeff charged with casting the proxy votes, was also present, as were Bas Dekker, legal counsel at BBH, Erik Weerts, Financial Director at Beter Bed B.V., and Gusta de Jong, who was acting as secretary and taking the minutes. The other Supervisory Board members took part in the meeting virtually, as did Paulus Wijffels, auditor at PwC, and the executive committee of Beter Bed B.V.'s Works Council, Gemma Melsen, Arie van Oord, and Erik Noordhoek. The chair warmly welcomed everyone who was present, either in person or virtually.

Of the total of 26,240,397 outstanding shares, 11,577,389 (44.12%) voting shares were represented at the meeting.

The chair expressed his appreciation for all employees, who had worked very hard to continue to serve customers under the restrictive circumstances arising from the COVID-19 pandemic.

Because of the virtual nature of the meeting, the shareholders had been given the opportunity to send in questions in advance to be addressed at the meeting. Questions had been submitted by Mr H. Rienks and the Dutch Investors’ Association (*Vereniging van Effectenbezitters; VEB*).

The chair established that the convening documents (the agenda including explanatory notes, the annual report, the financial statements and other relevant documents) had been available on the Company's website in good time. All relevant requirements had thus been met and so the General Meeting could adopt legally valid resolutions. At the end of the meeting, confirmation would be given to the shareholders that their votes had been cast in accordance with the voting instructions.

In accordance with the rules of the Dutch Corporate Governance Code, the minutes of the General Meeting of 13 May 2020 had been published on the Company's corporate website no later than three months after the end of that meeting. No comments regarding those minutes had been received, after which they were adopted and signed by the chair and the secretary.

All information relevant for the shareholders was available on the corporate website at www.beterbedholding.com.

An audio recording had been made of the meeting.

2. Report of the Management Board for the financial year 2020

Reference was made to the interactive PDF version of the annual report 2020, which also included the CSR report.

The Company's CEO, John Kruijssen, and CFO, Gabrielle Reijnen, gave a presentation on key developments during the 2020 financial year. The presentation discussed the management report, followed by a strategy update and an explanation of the financial results. The presentation is available on the corporate website.

Developments in 2020

John Kruijssen started the presentation with a summary of the 2020 financial year. EBITDA increased by 58% to €33.4 million, with a net profit of €7.9 million. All business units showed strong sales with a like-for-like growth of 21.2% and a like-for-like order intake of 24.8%, thus outperforming market growth. At 31 December 2020, the order book hit a record of €24.8 million, up 19% on 2019. Online sales rose by 87%, accounting for 14.8% of total sales. By successfully implementing the first part of the improvement plan formulated in 2019, Sängjätten showed a good recovery. DBC showed considerable growth at Beter Bed and the affiliated retailers. B2B growth lagged behind, mainly as a result of the COVID-19 pandemic. In addition, the financial position was further strengthened with a solid net cash position at year-end 2020. A project was also launched during the year that should lead to a new CSR strategy with a new and challenging scorecard. In 2020, BBH again showed its resilience and commercial agility. That seemed to have cemented the strategic route chosen in a positive way. John Kruijssen complimented all employees and stakeholders, who had made it possible for all BBH customers to sleep a little bit better every night and for the Group to perform a little bit better every day (slide 8).

In the graphic representation of the above-mentioned points, the average annual revenue growth in 2019 had not been fully translated into EBITDA, among other things because of the non-recurring consultancy costs related to the restructuring. The number of stores fell to 151, mainly as a result of store closures in Sweden. During the year, the number of FTEs remained virtually the same, with a small expansion of the online and logistics departments in the Benelux countries and a reduction in Sweden (slide 9).

2020 had been an extraordinary year for the online channel. Although growth had already been initiated by the wide range of initiatives, COVID-19 reinforced that shift. A new platform, more intelligent marketing investments, automatic recommendations during browsing, personalised marketing, growth via third-party platforms, and Chatbot Bo all contributed to that success, resulting in a 100% increase in the number of visitors, higher conversion, and constant coupon value. As a result, the online to offline ratio rose to 14.8% for online. Driven by the 252% increase in online sales as a result of the closure of stores during lockdown, the first quarter saw 41% growth (slide 10).

Sängjätten showed a strong recovery in the second half of 2020 in particular. The new market proposition had been received positively. Local brands were doing well. In addition, Auping and Emma were being positioned as the only retailer in Sweden and the store network was almost up and running. Improvements were also made to the organisation, such as more structured support from the central organisation and the appointment of a Swedish General Manager (slide 11).

Despite COVID-19, DBC achieved record order intakes at both Beter Bed and via independent retailers. Due to COVID-19, B2B growth had lagged behind slightly but was expected to pick up in 2021 as soon as COVID-19 was under control. DBC also expected potential from the collaboration with DeRucci. The first orders had been received and a start was made with the launch of M line in China for the V60 formula. Although communication was taking place virtually, expectations were high. Similarly, the results of DBC's online activities, both on its own platform and external platforms, were also positive and created confidence (slide 12).

Strategy

The trends for shaping the strategy for the coming years were digitalisation, sustainability, health, online, from ownership to use, upscaling, and vertical integration (slide 14).

There were many providers in the sleeping domain. Due to lack of product variety, providers in subsegments were often unable to keep pace with market growth. Providers with a complete product range and strong omni-channel approach showed better and more consistent growth, with higher marketing costs, increased price competition, lower margins, many variable logistics costs, and review dependence affecting financial performance. John Kruijssen expected markets to continue to evolve, with providers coming and going, and market growth for full-service providers, if all channels were deployed (slide 15).

Reinforced by COVID-19, a carefully scheduled transition would be undertaken from offline to online. That would be visible in the look & feel of the stores, choice of locations, presentation of the product range, and manner and quality of advice. The composition of the store network would gradually change in the coming years. In July, a first pilot store would open in which a different way of presenting, a lot of technology, strongly changing composition of brands, private labels and fancy labels, specialist presentations for pillows, fashionable and technical textiles, subscription, and related items that facilitate sleeping would be presented to consumers. The results from the pilot would be used for new store formats and a city store that would open at an unusual location at the end of 2021 (slide 16).

With the trend from ownership to use, BBH wanted to introduce new business models and make it worthwhile for B2C and B2B customers to enter into a relationship instead of buying a product. That could be triggered by ease of use, intrinsic interest in improving quality of sleep, and making use of the capabilities in that area, not being able to pay for a higher-quality product versus being able to pay per month, or additional services offered by BBH by means of a cafeteria model. It would benefit BBH to create a relationship versus a classic purchase, because the Company would then be able to generate more data, turn a product's lifecycle into greater value, and increase the likelihood of a subsequent purchase, meaning that it would need to spend less on marketing (slide 17).

The dilemma was outlined of people wanting to sleep better, but seeing the quality of their sleep coming under pressure for all sorts of reasons. 35% of people slept fewer than 6 hours a night. Sleep shortage could lead to health and concentration problems and reduced performance. BBH wanted to address that problem in collaboration with partners such as the insurance industry, employers, and the healthcare sector (slide 18).

This strategy was underpinned by a letter to the Dutch government concerning the benefits to the healthcare sector of better sleeping, better eating and more exercise during COVID-19. The three pillars of health formulated by BBH matched one-on-one and this had already been communicated to consumers via marketing statements (slide 19).

CSR would become a key part of the overall strategy to be pursued by BBH, which was not only taking its position as market leader seriously and wanting to expand it further, but also because CSR was increasingly becoming a licence to operate on the consumer, B2B, and wholesale markets. New CSR targets were being worked out in a coherent story line for the financial markets, shareholders, consumers, customers, and suppliers. The new CSR targets would be presented over the summer period. Currently, the Company was working with three different partners to manufacture three different circular mattresses. A large part of the textile range was already eco-friendly. New standards were being developed in collaboration with TNO and projects were taken part in under the auspices of the government to further improve waste management. A large number of box springs were already circular (slide 20).

Manufacturers with strong brands would continue to integrate vertically in the coming years so as to control the end consumer and reduce costs in the value chain. Through partnerships, retailers would also vertically integrate in order to unlock greater value and exert influence on the production and innovation process. BBH was undertaking several actions to take on a firmer role in a number of categories closer to the source. Because of its scale and market leadership, BBH was an attractive party to participate in this (slide 21).

The Company's success depended on the development and international communication of brands, such as M line at DBC. Currently, initiatives were under way to give products and services a branding that was easy to link to, for example, Beter Bed in the Netherlands and Belgium, but which were also more scalable internationally on their own merits, making marketing investment more efficient and cost-effective. Ultimately, that would enable inspiring loyalty among customers and creating communities, similar to what Emma and Casper were doing (slide 22).

<u>2021 onwards</u>
The sleeping domain is more relevant than ever. Although one of the three pillars of health, sleep is still underexposed. Substantial investments are currently being made in this segment, particularly in technology, and attention for this phenomenon was growing. In other words, sleeping is a business in which you would want to operate and take initiative. BBH's strategy is based on key sustainable elements: ‘Beter (Better) Bed, better sleep, better life (slide 24).

BBH chooses to enter into a relationship with the consumer who wanted to sleep better and to be free of any hassle by being able to shop physically and online, to select their own payment method, to flexibly choose services, and to be encouraged on the basis of data to purchase a product or service at the right times. Online plays a crucial role, not only as a sales channel, but also in maintaining contact with consumers, collecting data, and getting to know them better with the overall aim of serving them more effectively (slide 25).

That is why health and well-being were embedded in BBH's mission and strategy: “We believe that the better we sleep, the happier, healthier and more productive we are. And we won’t rest until everyone gets the high-quality sleep they deserve.” (slide 26).

This strategy was fleshed out in three avenues for growth:
- Growth by aligning existing stores in the way presented in slide 16. This year, a new store format would open as a pilot at a location that was unusual for BBH and be rolled out further. Basically, consumers would be approached more actively in terms of location and proposition, offering greater convenience with a limited cash & carry range, and greater experience, so they can feel and understand the value-for-money of quality products.
- Accelerating the pace of online activities on our own and external platforms. Putting online activities at the heart of BBH's growth strategy was a deliberate choice. Online was not only a popular sales channel, but also a future communication channel and source of customer data, which would provide the Company with an insight into the two adjacent avenues for growth.
- Nourish the new: international expansion by launching the subscription business model and expanding strong product brands for both consumers and business customers. This would enable BBH to reduce the threshold for buying quality products and to offer additional services and so to become a true sleep service provider. The tests performed in recent months had been successful and the roll-out was being implemented further via the marketing machine. In terms of speed and quality, substantial efforts were being channelled into facilitating the backbone in the areas of People, Process, and System (slide 27).

An example of a new proposition was the introduction of LEAZZZY, which distinguished itself by (1) additional sleeping services aimed at sleep quality, (2) a customer journey from offline store to online platform, and (3) dynamic and long-term customer relationships. LEAZZZY provided Beter Bed with growth opportunities in its current markets as well as internationally (slide 28).

BBH's dream as market leader is to play a leading role in developing the Sleep ecosystem, working with its partners. Partnering would allow making maximum use of everyone's specialism and strengthening one another's businesses. Many contacts had already been made and various partnerships entered into, including with Philips for technology, with sports clubs and sports federations, but also with regular channels such as leisure parks and hotels. The further development of sleep propositions, such as LEAZZZY, would open up a whole new range of partnering opportunities (slide 29).

Developing lifetime relationships with customers would allow BBH to play an increasingly active role in circularity. A first step was to ensure that customer relations used reverse-supply chain capacity to recycle rather than incinerate mattresses. Further steps in that direction would be communicated in the summer as part of the revamped sustainability strategy (slide 30).

Gabrielle Reijnen continued the presentation with an explanation of the financial figures.

2020 had been a strong year for BBH. There had been a huge growth in sales and order intake both offline and online. At the same time, continued focus was being placed on cost control, strict cash flow management, and disciplined capex, with additional investments being made in online. The increase in gross margin was driven mainly by a further professionalisation of category management. More prominent investments were made in marketing, as a result of which we had greater visibility and share-of-voice than our competitors. Improvements were also made to the supply chain, including creating safety stocks at the premises of key suppliers so as to prevent delays.

Beter Bed and New Business contributed to an increase in revenue, which was up 19.5% in 2020. Online sales increased by 86.5%, resulting in an online channel share of total revenue from 9.5% in 2019 to 14.8% in 2020. This growth was driven mainly by strong customer demand, but also by an acceleration of investments in the online business in order to increase capacity. Gross margin increased by 1.9% to 54.9%. EBIT rose to €12.6 million, driven by higher sales and a higher margin. Strategic initiatives had been successfully implemented, resulting in an EBITDA of €33.4 million in 2020 versus €21.2 million in 2019, up 58%. These results had been achieved despite the closures of stores in Belgium for a period of nine weeks in the spring and in November 2020, the lockdown in the Netherlands from mid-December, higher marketing investments to 'remain visible', and higher logistics costs to process the higher order intake (slide 32).

The higher order intake in 2020 and the conversion to sales led to a record order book of €24.8 million at the end of 2020, up 18.7% on 2019. Despite the lockdown in the Netherlands from December to early May, that offered perspective in terms of sales in the first quarter of 2021 (slide 33).

The order intake in 2020 was €226 million, up 21.2% on the same period last year. Revenue in 2020 was €222.1 million, up 19.6% on 2019 (€185.6 million). Like-for-like sales were 21.2% higher compared with last year. Beter Bed Benelux made a major contribution of €198.2 million, up 21.1% on 2019. Like-for-like sales of New Business, consisting of Sängjätten and DBC, increased by €23.8 million, up 8.7% (slide 34).

Due to the impact of COVID-19, 2020 was a fickle year, with an intelligent lockdown being imposed in the Netherlands in spring, stores being closed in Belgium in spring and November and in the Netherlands from mid-December. BBH nevertheless successfully generated growth in revenue and order intake, driven mainly by the increase in online sales. Due to COVID-19, the transition from offline to online was accelerated with greater focus being placed on retail-at-home. In 2020, online sales increased by 86.5% to €32.8 million, compared with €17.6 million in 2019 (slide 35).

Gross profit improved by €23.3 on 2019, driven by a combination of higher sales and lower cost of goods. The increase in gross margin from 53.0% to 54.9% was driven mainly by a further professionalisation of the category management department, an improved product range (and product reengineering), greater focus on high-margin products, and better purchasing conditions. Operating expenses rose slightly in 2020 by 3.6% to €109.2 million, compared with €105.4 million last year. The increase in revenue coupled with the higher order intake also led to lower opex as a percentage of revenue and as a percentage of the order intake (slide 36).

EBIT amounted to €12.6 million, compared with minus €0.4 million in 2019. In 2020, financing costs increased slightly as a result of the interest payable on the shareholder loan until mid-July 2020, including applicable commission fees and banking charges (slide 37).

The balance sheet showed a consistent picture. Due to the uncertainty surrounding the pandemic, capex was rationalised. In 2020, investments were made in IT, the E-commerce platform, five stores in the Benelux countries, and repositioning the stores in Sweden, which was achieved with limited resources and maintenance. As indicated, depreciation charges were gradually comprising fewer fixed assets of the stores. By rationalising capex during the restructuring phase in 2018 and 2019 and the COVID-19 pandemic in 2020, fixed assets had steadily decreased (slide 38).

Working capital improved significantly. On the one hand, the quality of stocks improved, while on the other hand uncertainties in the supply chain and rising commodity prices led to a deliberate choice at the end of the year to maintain higher stocks. Due to a higher order book, down payments were high in 2020. BBH collected debts more quickly and made fewer advance payments. An improvement in working capital in all areas, a tax refund, restrictive capital management, and a strong profit combined to generate a free cash flow of €24.1 million (slide 39).

Generating a free cash flow had a positive impact on net cash development. In 2020, the Company turned a net debt position into a net cash position of €19.3 million, mainly as a result of deleveraging, which led to significant improvements in the Company's financial position. Amounts owed to banks were reduced and the shareholder loan including €3.5 million in interest was converted into shares in mid-2020. The Company currently had a total bank financing facility of €22.3 million, of which only EUR 2.3 million had been drawn down at the end of 2020. A perpetual loan of €3.8 million plus accrued interest was also outstanding. The interest rate on the loan had been renegotiated last year and amounted to 10% for the next 12 months (July 2021) (slide 40).

<u>Strategic update 2025</u>
The financial framework for the next five years to 2025 was based on the pillars growth, savings, investment, and cash generation. BBH expected to almost double its net revenue over the next five years through i) offline growth driven by innovation, new technology, and improving the retail network, ii) online, iii) leasing beds and services, and iv) upscaling DBC and the M line brand. 25% of total revenue was expected to be generated online by 2025. COVID-19 further accelerated the shift from consumers to online. A strategy was developed to accelerate the pace at which online sales were being integrated into the business. The EBITDA margin target including IFRS 16 for 2025 was set at between 16% and 19%. The second pillar involved saving through improvements in the logistics network so as to facilitate the rapid growth of online sales and to be better able to meet consumer requirements. For that purpose, a more flexible logistics model was used to increase the scalability of business, resulting in lower incremental costs. In addition, data analytics was used to get more out of each marketing euro, to tailor the deployment of personnel to customer visits as effectively as possible, and to carefully examine the overhead structure with regard to systems and digital infrastructure. The third pillar was investing. Due to the restructuring and COVID-19, in 2019 and 2020 approximately 1-2% of revenue was spent on capex compared to the 3-4% that is customary for the sector. BBH continued to invest in digital and e-commerce. In order to position the Company for the future and achieve this strategy, investments were made in the retail network, online, subscription, and roll-out of B2B and wholesale. This was based on an average capex of 3% of revenue for the next five years, although this was expected to be slightly higher in the first and second years. Additionally, BBH would focus on generating cash by improving the operating cash flow, on the one hand, and through improvements in working capital, on the other (slide 42).

The restructuring in 2018/2019 had had an enormous impact on the Company's leverage and solvency. In 2020, attention was paid in particular to generating cash, which was used to reduce debt and strengthen the solvency position. The main objectives for the future were to drive performance, meet bank covenants, and invest to position the business for the future. The Company also intended focusing on resuming the payment of dividends as soon as possible. It was expected that BBH would reconsider its dividend policy once the financing and covenants had been adopted, and come back to this at a next meeting. In conclusion, Gabrielle Reijnen noted that this was all partly dependent on the developments around COVID-19 (slide 43).

A number of questions had been sent in regarding agenda item 2, which were answered by John Kruijssen.

The following questions had been sent in by the Dutch Investors' Association VEB:

In October of last year, Beter Bed announced a collaboration with Chinese-based DeRucci, which owns 3,600 bed showrooms worldwide.

a) *Can Beter Bed provide an update on the progress of this collaboration and give an indication of the (financial) benefits it should yield?*
   All preparations were made between the parties and the first order was put into production in Q4 2020. The order was shipped at the beginning of Q1 2021 and subjected to a meticulous quality check. The rollout in the first chain, V60, with approximately 800 stores, is under way. Based on its success, a decision will be taken on any further roll-out to more formulas with a broader range. COVID-19 has slightly impeded progress, because there is only virtual contact. Especially at the beginning of a relationship, it is better to work together in person. We cannot comment on individual contracts or their performance.
b) *Can Beter Bed scale up production quickly enough and to a sufficient extent in a scenario in which collaboration with DeRucci leads to substantial volume growth?*
   Yes, all agreements have been clearly and carefully recorded and agreed with the producers one-on-one. Safeguards have also been built in.

Partnerships with various brands such as Emma and Tempur form an important part of Beter Bed's strategy. Can Beter Bed explain its earnings model behind these types of partnerships and what the Company considers to be the main risks?
We cannot comment on specific earnings models with individual suppliers. Partner agreements have been entered into, because they fit in with BBH's strategy. The main risk is to grant such relationships to competitors. These are partnerships that add substantive and economic value for BBH.

Over the first three months of this year, online sales increased by 252.4% to nearly €20 million, i.e. more than 40% of group revenue.

a) *What is the expectation with regard to the share of online sales as a percentage of total sales immediately after the lockdown is lifted and in subsequent years?*
   Online growth is expected to continue. Although not at the level of Q1, growth in the share of online sales has changed as a result of COVID-19.
b) *What implications does the accelerated shift to online have for the extent of the (restructuring) investments in the existing retail network needed in the coming years?*
   Few for now. The stores (more than 80%) are all contributing to the profit. In accordance with the strategy previously explained, store adjustments (in terms of look and feel and location changes) will be scheduled, because the current role of stores is expected to change in the coming years as a result of the continuous changes in consumer purchasing behaviour. A good example of that is the pilot store that is due to open in July.

The annual report states that it is Beter Bed's ambition to build online marketplaces where third parties can also offer their products. Can Beter Bed explain how it intends achieving this ambition in light of the strong competition from other platform giants?
BBH does not have the ambition of starting up a marketplace-like platform. However, the Company wants to provide consumers with a more comprehensive service in the sleep domain in the future by entering into partnerships with other providers.

When purchasing Swedish-based Sängjätten, Beter Bed expressed the intention of rolling out the formula in all Scandinavian countries. Does Beter Bed still have that intention? If that is not the case, will 16 stores not be too limited a number for shareholder value to be created?
The Management Board of BBH believes that, in principle, the Nordic region is an interesting region. For now, however, the focus is on bringing Sängjätten's to a higher level of performance, and an important step has been taken in that direction. The organisation is well under way. Any next steps will be considered after that.

Mr Rienks had sent in the following questions:

There were high expectations for the continued collaboration with Matratzen Concord and the new owner at the time of the sale. How has this panned out and is the Management Board satisfied with the course of events?
The collaboration has been excellent. BBH sources products from Healthcare. At Matratzen Concord, the focus during 2020 was mainly on store closures due to COVID-19. Matratzen Concord will start supplying M line products from early 2021.

Internet sales account for approximately 15% of total revenue. That percentage is still increasing. What is the forecast in terms of a further increase in the years ahead? Will this mean that you can do with fewer stores? It would appear that this development is beneficial for Beter Bed, because the costs of selling products in a shore are higher than selling online. Are you going to promote online sales at the expense of store sales? How has the current crisis impacted the increase in online sales?
Online sales are expected to grow and, in percentage terms, fairly significantly so, but not as significantly as in Q1 2021. As a result, the role of the stores will change over the next few years. The look & feel and the location strategy will be piloted this year with a new store opening in July. At the end of the year, a store will open at a location that is new to the organisation. Follow-up steps will be considered depending on the pilot results. Although the Board is flexible in terms of its decision-making and will continue monitoring developments at the physical stores, there will be no store closures in the short term as yet.

Last year, the sleep consultants were provided with an important new tool. The "Sleepy Heads" campaign was launched on 14 December 2020. What are the results five months on? Has it given a head start on the competition? Do the additional sales weigh up against the extra costs? Has customer satisfaction increased? Do you also measure its Net Promoter Score?
As a result of the "Sleepy Heads" campaign, we have welcomed many new customers in our stores. So there is certainly a business case here. In those locations where the Bedmatch - a measurement tool that determines what the best mattress is for a particular customer - was piloted, conversion and average spending have gone up. The tool has provided customers with independent, substantiated advice. The results are continuously monitored and recorded. BBH has decided to roll out the Bedmatch in most of its stores this year. There will also be an extensive implementation of the new store due to open in July.

3. Report of the Supervisory Board for the financial year 2020

For the Supervisory Board's report, the chair referred to pages 48 to 53 of the annual report.

The Supervisory Board supervised and assisted the Management Board on behalf and for the benefit of the stakeholders. The Supervisory Board was responsible for ensuring the continuity of the Management Board and the organisation.

During the year, the Supervisory Board consisted of Bart Karis, Pieter Boone, Alain Beyens, Barbara van Hussen, and Maaike Schipperheijn.

In 2020, it was involved in the developments at BBH and its subsidiaries. During the year, the chair had frequent contact with the Management Board in preparation of the Supervisory Board meetings with the Management Board. In 2020, the Supervisory Board met with the Board seven times physically and four times via a virtual meeting. The Management Board kept the Supervisory Board up to date properly and in good time at regular intervals, both orally and in writing. A great deal of attention was devoted to the operating results of the various formulas, the Company's finances, strategy design, and the Company's capitalisation.

The Supervisory Board met with the independent auditor to discuss the financial results for 2019, the audit findings, the half-year results, and the results for the financial year 2020 (until the end of November). The findings with regard to the internal control systems were also discussed.

The performance of the Management Board and the implementation of the remuneration policy for the Management Board were discussed at private meetings, where appropriate, preceded by individual meetings.

During the 2020 financial year, until 13 May 2020, the audit committee comprised Pieter Boone (interim chair), Alain Beyens, and Bart Karis. After the General Meeting on 13 May 2020, Bart Karis stepped down as a member, with Maaike Schipperheijn taking over the role of chair from Pieter Boone. As of that date, the composition was in accordance with the provisions of the Dutch Corporate Governance Code, with Maaike Schipperheijn providing the required financial expertise. The Audit Committee met twice during the year. At those meetings, consultations were held with the independent auditor without the Management Board attending.

The Audit Committee discussed the financial statements, the management report, the half-year results and the management letter with the Management Board and the independent auditor. Attention was also paid to the 2020 audit plan, the follow-up on previous recommendations, tax matters, liquidity, financing, and the risk management and control system. The strategic risks were also discussed and meetings were held between the Internal Auditor and the Audit Committee's chair.

In 2020, the Remuneration Committee consisted of Pieter Boone (chair), Bart Karis, Barbara van Hussen, and Alain Beyens (until 13 May 2020). Three committee meetings were held in 2020. In addition, the Remuneration Committee discussed with the Management Board the performance and remuneration of the organisation's top twenty managers. Reference was also made to the Remuneration report on page 54 of the annual report.

In accordance with Article 2.3.2 of the Dutch Corporate Governance Code, a separate Selection and Nomination Committee was set up in 2020, consisting of Bart Karis (chair), Pieter Boone, Barbara van Hussen, and Alain Beyens, who served on the committee until 13 May 2020. One committee meeting was held.

No Supervisory Board members would step down or be reappointed this year. The reappointments of Bart Karis, Pieter Boone and Alain Beyens were on the agenda for the AGM in 2023.

On 3 November 2020, the Supervisory Board adopted a diversity policy. Based on this policy, nominations for new members to the Management Board and Supervisory Board would specifically take gender-based diversity into account. Additionally, candidates would be selected on the basis of their wide experience, backgrounds, skills, knowledge and insights, with a view to achieving a balanced composition in all those areas. By appointing Barbara van Hussen and Maaike Schipperheijn as supervisory directors in 2020, the Supervisory Board met the gender equality requirements. That also applied to the appointment of Gabrielle Reijnen as CFO to the Management Board.

The Supervisory Board was aware of the broad interests that the Company represented and of its responsibility towards all stakeholders involved in the Company.

2020 was a year in which the Company returned to profitability. At the same time, it was a challenging year as a result of the COVID-19 pandemic. Despite the lockdown and COVID-19 restrictions, the Company achieved excellent results. These provided a good starting point for 2021, offering perspective for when COVID-19 would be fully under control. In these special circumstances, the Supervisory Board was grateful to all employees and stakeholders of the BBH Group for their dedication and energy and the contribution they had made to achieving its goals.

4. Remuneration report for the financial year 2020

The floor was taken by Pieter Boone, chair of the Remuneration Committee. Reference was made to point 4 of the explanatory notes to the agenda and the remuneration report as included in the annual report (pages 54 to 66).

The remuneration policy adopted by the General Meeting of Shareholders on 13 May 2020 was implemented in the course of the year 2020. The remuneration included variable pay, based on the long-term and short-term performance of the individual board members. In 2020, the remuneration of the Management Board consisted of a basic salary, short-term variable pay, a pension scheme, a long-term participation scheme (PSU), and other employment terms.

In 2020, the existing option plan was replaced by a Performance Share Unit Plan so as to encourage the Management Board to achieve BBH's strategic objectives even further. The criteria and details of the Plan were explained on pages 60 et seq. of the annual report.

Due to COVID-19, 2020 was a year in which the Company was faced with unique circumstances. The Company nonetheless proved to be resilient as a result of formulating highly effective responses to the crisis. During the pandemic, the Management Board demonstrated decisive and proactive leadership to guide the organisation through these uncertain times. In addition, a refinancing of the bank facilities was arranged, the shareholder loan was partly converted into equity, and a new business strategy was developed. Although market conditions in 2020 were challenging, the businesses performed very well, both commercially and organisationally, with higher-than-expected results. Based on that, the Management Board members were awarded remuneration as specified in the remuneration report. It was pointed out that the performance criteria for short-term variable pay had been exceeded.

In accordance with the remuneration policy approved by the AGM in 2020, the remuneration of the Supervisory Board in 2020 consisted of a basic fee with an additional fee for the chair. Reference was made to pages 56 et seq. of the annual report.

In accordance with Section 2:135b (2) of the Dutch Civil Code, the remuneration report was subjected to an advisory vote, the results of which were presented by Michel van Agt.

Of the 11,577,389 shares represented, 11,533,818 votes in favour, 29,301 votes against, and 14,270 abstentions were received, on the basis of which the chair concluded that the remuneration report for the 2020 financial year had been adopted by 99.75%.

5. Presentation of the audit of the financial statements 2020

The Company released PwC from its duty of confidentiality for the benefit of the meeting. Independent auditors also had a duty to remedy.

The chair gave the floor to Paulus Wijffels, a partner with PwC, who explained the work performed by PwC and the audit opinion. Although the results were significantly better than in 2019, the closure of the stores in the Netherlands from 15 December 2020 as a result of the strict lockdown was an event that led to additional auditing procedures. The unqualified audit opinion on the financial statements for 2020 was issued on 11 March 2021 (slide 55).

The audit procedures had been selected on the basis of estimated risks for the financial statements as a whole, taking into account the internal controls already implemented by the Company. At the start of the audit, the audit plan and the areas of risk and attention, including by default the subject of fraud, were discussed with the audit committee.

The materiality of the financial statements as a whole was set at €2,221,000, based on 1% of turnover, taking both quantitative and qualitative factors into account. The auditor was of the opinion that on the basis of the analysis of the shared information needs of the users of the financial statements, revenuer was an important indicator of the Company's financial performance. The materiality of components included in the audit procedures was set at a lower level. The group audit included Beter Bed B.V. and DBC Nederland B.V. In addition, procedures were performed on a number of components on specific line items. The audit team included IT experts and tax experts. Experts were also involved in assessing the liquidity forecast in connection with the financial position (slide 56).

The main focus areas of the audit in 2020 were the Company's financial position, refinancing, and revenue. The current financing is expiring in December 2021 and so new financing would need to be obtained in order to continue to meet the financing requirements. Management had drawn up a liquidity forecast up to and including April 2022, in which assumptions were made and opportunities and risks were estimated. Given the importance of the financial position for obtaining refinancing and obtaining it in good time, this was a focal point for the audit. This liquidity forecast was assessed. Where possible, components were tested against results already achieved, operational KPIs, results of actions undertaken, and external sources. With regard to the audit, a mix of auditing techniques was used. The notes to the financial statements and the annual report were also audited. On that basis, there were no material audit findings with regard to management's estimate for the refinancing.

The second area of focus was the Company's revenue. Given the strong results for 2020 compared to 2019, and the impact of COVID-19 and store closures in the Netherlands from 15 December 2020, there was a risk of completeness due to a cut-off and in terms of the actual existence of revenue. The results of testing the controls and analytical procedures formed the basis for the nature and scope of additional detailed tests. In addition, audit procedures were performed on correct delineation so as to establish that revenue had been accounted for in the correct period, and detailed tests were performed on manual entries. These did not lead to any material findings (slide 57).

PwC considered the Management Board's tone in the annual report to be appropriate and established that the required explanatory notes had been included and the annual report was consistent with the financial statements. There was detailed reconciliation between the financial information in the annual report and the notes to the financial statements, and the test procedures and internal management reports, and the observations were shared with the Management Board. The description of the risk management and control system does not conflict with the results of the audit. The main risks that PwC considered relevant for BBH on the basis of the financial statements were shown in the risk section (slide 58).

A question had been received from the Dutch Investors' Association (VEB) with regard to this agenda item. It was answered by Paulus Wijffels.

PwC assessed various scenarios of the management's liquidity budget and concurred with Beter Bed's going concern assumption. Can PwC explain what this trust is based on?
On the basis of the results achieved, it was found that the forecast was rather conservative and the forecasts for the remaining months were consistently well above the credit limit.

The chair resumed the meeting.

6. Adoption of the financial statements for the financial year 2020

Reference was made to the financial statements in the annual report (from page 92 onwards).

In accordance with Article 32 (2) of the Articles of Association, the financial statements were to be adopted by the General Meeting.

Gabrielle Reijnen answered the following questions posed by the VEB regarding this agenda item.

At the time of divesting Matratzen Concord at the end of 2019, a conditional deferred payment was stipulated that could, depending on the financial results achieved, amount to €7.5 million. Did BBH receive any earn-out payment?
No, the scheme concerned an additional payment when a particular result was achieved in 2020, but due to the COVID-19 pandemic Matratzen Concord's profitability has remained under severe pressure. So there is nothing to be expected here.

Does BBH think that it can find a solution for paying off or refinancing the remaining €3.5 million shareholder loan, avoiding a new share issue?
A cash solution could of course be found. However, we will deal with the situation as it arises and then take such action as best suits the situation at that point. In view of the continued uncertainty around COVID-19 developments and subsequent movements, it would be unwise to act any sooner.

The book value of Property, Plant and Equipment (PPE) amounts to approximately 10% of the acquisition cost of €58.2 million. Should shareholders be concerned that significant (repair) investments in PPE will be necessary in the long term?
The strategic update includes a capex plan. BBH expects the investments necessary to achieve its strategic objectives to be in the range of 3% of revenue on average over the next five years.

Gabrielle Reijnen also answered Mr H. Rienks' question.
BBH no longer has a lack of cash, which amounted to more than €21 million at the end of 2020. Nowadays, with negative interest rates, that costs money. What is being done with that cash?
The position at 31 December 2020 is a snapshot. During these uncertain COVID-19 times, BBH ordered additional stocks that came in just before year-end, but had not yet been paid for. This was reflected in higher stocks and creditors at 31 December 2020 compared to last year. Also, investments are lagging because of the restructuring in recent years, with the perpetual loan still having to be repaid. BBH wishes to hold a buffer and to continue to invest in online sales, digitalisation, and logistics. The wish is to resume dividend payments as soon as is reasonably sensible.

The chair gave the floor to Michel van Agt to present the results of the vote. There were 11,431,712 votes in favour, 117,961 votes against, and 27,716 abstentions. On that basis, the chair concluded that the resolution to adopt the financial statements 2020 had been adopted by 98.98%.

7. Dividend policy and payment

According to best practice provision 4.1.3 of the Dutch Corporate Governance Code, the Company's dividend policy must be treated as a separate agenda item each year. Reference was made to item 7 of the explanatory notes to the agenda. BBH's dividend policy can be found on page 67 of the annual report.

Net profit in 2020 was €7.9 million and earnings per share amounted to €0.32 versus a loss of €2.38 in 2019. Although this was a significant improvement in performance, the Management Board, with the approval of the Supervisory Board, had decided to add the profit for the 2020 financial year to the reserves and no dividends would be paid. The main reason for this is that BBH's dividend policy did not allow a dividend distribution at that point because the solvency threshold had not been achieved at that point. The current unpredictability of economic conditions resulting from COVID-19 called for a cautious approach.

Questions about this subject had been sent in by the Dutch Investors' Association (VEB), which were answered by Gabrielle Reijnen.

BBH's policy states that there can be no dividend payment as long as its solvency is below 30%.

a) *Can BBH explain why it believes that an accounting concept such as solvency is a suitable standard for basing the dividend on?*
   This policy has been approved by the shareholders, so the Company must comply with it. Adjusting the dividend policy is not an issue right now. However, this point will be taken into consideration.
b) *The introduction of IFRS 16 in 2019 had a significant negative impact on BBH's solvency. Did BBH consider reducing the 30% solvency criterion for dividend payments so as to adjust for the impact of IFRS 16, and why did it ultimately not choose to do so?*
   IFRS 16 became applicable on 1 January 2019. BBH's results and financial position have since not provided any scope for considering a dividend pay-out. Moreover, at 31 December 2020, solvency was well below 30%, both including and excluding IFRS 16. This point will be taken into consideration when any decision is made to adjust the dividend policy.

8. Release from liability of the members of the Management Board for the management conducted during the financial year 2020

According to best practice provision 4.1.3 of the Dutch Corporate Governance Code, the discharge from liability for the company's directors must be dealt with each year as a separate agenda item.

No questions had been sent in on this subject.

Michel van Agt presented the results of the vote. There were 11,547,235 votes in favour, 2,938 votes against, and 27,216 abstentions. On that basis, the chair concluded that the resolution to discharge the Management Board from liability had been adopted by 99.97%.

9. Release from liability of the members of the Supervisory Board for the supervision conducted

According to best practice provision 4.1.3 of the Dutch Corporate Governance Code, the discharge from liability for the company's supervisory directors must be dealt with each year as a separate agenda item.

No questions had been submitted on this subject.

Michel van Agt presented the results of the vote. There were 11,548,985 votes in favour, 938 votes against, and 27,466 abstentions. On that basis, the chair concluded that the resolution with regard to this agenda item had been adopted by 99.99%.

10. Reappointment of the external auditor

Reference was made to item 10 of the explanatory notes to the agenda.

For this agenda item, the Audit Committee's chair, Maaike Schipperheijn, took the floor from the chair. In accordance with best practice provision 4.1.3 of the Dutch Corporate Governance Code, and on the basis of the Management Board's and Audit Committee's recommendations, the Supervisory Board proposed reappointing PwC as external auditors to audit the financial statements 2021, under the responsibility of Paulus Wijffels.

No questions had been sent in on this subject.

The chair gave the floor to Michel van Agt to present the results of the vote. There were 11,556,324 votes in favour, 4,000 votes against and 17,065 abstentions, and so the agenda item had been adopted by 99.97%.

11. Authorisation of the Management Board to have the Company acquire its own shares

Reference was made to item 11 of the explanatory notes to the agenda.

Pursuant to Article 13 of the Articles of Association, the meeting was asked to authorise the Management Board to acquire the Company's own shares up to a maximum of 10% of the number of shares outstanding. The purchase price was not to exceed the average closing price on the five stock exchange trading days prior to the date of acquisition by more than 10%. This authorisation was requested for a period of 18 months from the date of the General Meeting. If authorisation was granted, the current authority would no longer be exercised.

No questions had been sent in on this subject.

Michel van Agt presented the results of the vote. There were 11,560,651 votes in favour, 2,468 votes against, and 14,270 abstentions. The chair concluded that the resolution to authorise the Management Board to acquire the Company's own shares up to a maximum of 10% of the number of shares outstanding had been adopted by 99.98%.

12. Authorisation of the Management Board to issue ordinary shares or to grant rights to subscribe for ordinary shares up to 10% for general purposes, including but not limited to the execution of Beter Bed Holding N.V.'s Performance Stock Unit Plan

Reference was made to item 12 of the explanatory notes to the agenda.

Pursuant to Article 10 of the Articles of Association, the shareholders were asked to grant authorisation to issue new shares or to grant rights to subscribe for shares up to a maximum of 10% of the share capital outstanding at the time of the meeting for general purposes, including but not limited to the execution of BBH's Performance Stock Unit Plan. Authorisation was requested for a period of 18 months from the date of the General Meeting and would be subject to the approval of the Supervisory Board. If authorisation was granted, the current authority would no longer be exercised.

No questions had been sent in on this subject.

With regard to the vote, the chair gave the floor to Michel van Agt. There were 11,435,703 votes in favour, 122,966 votes against, and 18,720 abstentions, and so the resolution with regard to this agenda item had been adopted by 98.94%.

13. Authorisation of the Management Board to restrict or exclude pre-emptive rights in connection with agenda item 12

Reference was made to item 13 of the explanatory notes to the agenda.

In connection with agenda item 12, the request was made to grant authorisation to restrict or exclude pre-emptive rights as provided in Article 11 of the Articles of Association. Authorisation was requested for a period of 18 months from the date of the General Meeting and would be subject to the approval of the Supervisory Board. If authorisation was granted, the current authority would no longer be exercised.

No questions had been sent in on this subject.

Michel van Agt presented the results of the vote. Of the votes received, 11,558,596 were in favour, 3,073 were against, and 15,720 abstained. The chair concluded that the resolution had been adopted by 99.97%.

14. Authorisation of the Management Board to cancel acquired shares

Reference was made to item 14 of the explanatory notes to the agenda.

Pursuant to Article 15 of the Articles of Association, and with the approval of the Supervisory Board, the Management Board proposed reducing the issued capital by cancelling the treasury shares acquired pursuant to the authorisation granted under agenda item 11. The number of shares to be cancelled pursuant to the resolution was to be determined by the Management Board, subject to a maximum of 10% of the number of shares outstanding, i.e. the same maximum percentage as specified in agenda item 11. The cancellation(s) were to take place on such dates as would be determined by the Management Board, subject to the mandatory two-month opposition period.

No questions had been sent in on this subject.

Michel van Agt stated that 11,559,564 shareholders had voted in favour, 552 against and 17,273 had abstained, and so the chair concluded that the resolution had been adopted by 100%.

15. Announcements

There were no announcements.

16. Any other business

Due to the virtual setting of the meeting, there was no opportunity to raise any other issues.

17. Closing

The chair thanked all attendees for taking part in the webcast and for their flexibility and constructive contribution to the shareholders' meeting. He hoped that all COVID-19 restrictions would soon be lifted and to meet all shareholders at a physical meeting next year. The chair closed the meeting.

List of resolutions

- Adoption of the 2020 remuneration report (advisory resolution).
- Adoption of the financial statements for the financial year 2020 approved by the Supervisory Board.
- Release from liability of the members of the Management Board for the management conducted.
- Release from liability of the members of the Supervisory Board for the supervision conducted.
- Reappointment of PwC as external auditor under the responsibility of Mr P.J.R.M. Wijffels RA (partner).
- Authorisation of the Management Board to have the Company acquire its own shares.
- Authorisation of the Management Board to issue ordinary shares or to grant rights to subscribe for ordinary shares up to 10% for general purposes, including but not limited to the execution of BBH’s Performance Stock Unit Plan.
- Authorisation of the Management Board to restrict or exclude preferential rights in connection with the preceding resolution.
- Authorisation of the Management Board to cancel acquired shares.

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Mr B.E. Karis, Chair	Mrs G. de Jong-Ruijs, Secretary