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

Held on Thursday, 25 April 2019 at 14:00 hours in the Van der Valk Hotel, Rondweg 2, Uden, the Netherlands.

Present on behalf of Beter Bed Holding N.V.

Supervisory Board:	Mr D.R. Goeminne (chair) Mr H.C.M. Vermeulen Mr A. Beyens (for part of the meeting) Mr P.C. Boone Mr B.E. Karis
Management Board:	Mr A.J.G.P.M. Kruijssen (CEO) Mr H.G. van den Ochtend (CFO)

1. Opening

The chair opened the meeting. He welcomed Mr W. van Rooij, auditor at PwC, and the shareholders and other attendees present. The chair introduced the Supervisory Board and the Management Board and welcomed, in the following order, Mr E. Weerts and Mr J. Boerjan, Group Controller and Controller at Beter Bed Holding N.V. respectively, the representatives of the Executive Committee of the Works Council of Beter Bed B.V. and Mr R. van Bork, civil-law notary at Loyens & Loeff, who would cast the proxy votes. Ms B. van Loon would be acting as counting assistant and Ms G. de Jong was appointed as secretary of the meeting. The chair requested her to record the minutes of the meeting.

Out of the total of 21,955,562 shares outstanding, 9,886,236 shares with voting rights (45.03%) were represented at this meeting. This number meant that legally valid resolutions could be adopted.

In accordance with Article IV.3.10 of the Corporate Governance Code, the minutes of the Annual General Meeting of 26 April 2018 were published on the company's corporate website within three months of the meeting. No comments were received during the ensuing three months, after which the minutes were adopted and signed by the chair and the secretary.

All relevant information for shareholders was published on the corporate website, www.beterbedholding.com and on the annual report website www.annual reportbeterbedholding.com.

A sound recording was made of the meeting.

2. Report of the Management Board on the 2018 financial year

On the basis of a detailed presentation, Mr Kruijssen and Mr Van den Ochtend by turns discussed the key developments of the 2018 financial year, what steps had been taken following the introduction of the medium-term strategy, and the results so far. The presentation was available on the corporate website, www.beterbedholding.com.

John Kruijssen started the presentation with an image of the box spring Element, which had been introduced in the Dutch market since Easter. This box spring was the first bed in the Netherlands that was fully sustainable and recyclable and had been created in close cooperation with TNO Netherlands Organisation for Applied Scientific Research, the supplier of the Karlsson product range Velda and Beter Bed's own team.

Mr Kruijssen summarised 2018 as a disappointing year during which the Management Board had to intervene in various disciplines in the company. The measures to be taken had been formulated in a medium-term strategy that had been presented to the stakeholders at a Capital Markets Day on 26 October 2018. Despite all efforts and the steps taken, including the reorganisation in the DACH region, cost reduction measures and the discontinuation of the activities in Spain, the company had incurred a loss for 2018. The loss notwithstanding, Mr Kruijssen observed that the restructuring activities that had been developed and taken were bearing fruit. Whereas the results in Germany were not yet materially visible and required time, he was hopeful and positive about the performance in the Benelux, at DBC and in Sweden. Online, the measures taken were likewise resulting, particularly in Germany but also in the Netherlands, in further acceleration of the development of online. The Group was also seeing significant growth there, which was starting out from a small base in Germany but which was already leading to a fairly substantial share of the sales in the Netherlands.
Mr Kruijssen had confidence in the recovery, but emphasised that he was absolutely not yet satisfied with the developments and the recovery in Germany.

He discussed in greater depth the substance of the medium-term strategy, the (restructuring) measures taken (see slides 7 and 8 of the presentation) and his focus on cost reduction and the transition from the present culture to a performance-focused culture, which from 2021 would have to lead to profitable growth, expansion and being a leader in sleep technology and sustainability (see slide 9). Mr Kruijssen explained, among other things, that the first part of the transition (the restructuring, see slide 9) had been completed, and that the company had focused mainly on the commercial side in Q1, and particularly on sales and order intake.

Hugo van den Ochtend continued the presentation and discussed the financial figures. He started with an explanation of the performance framework (slide 11) developed by the company. This model, which centred on accelerating the core activities on the strategy, regaining profitable growth and value creation for all stakeholders (including the shareholders), was aimed at assessing progress on the strategy in the medium term with the associated financial model to enable adjustment or acceleration where required.
The Management Board was satisfied with the Netherlands, where the market for beds had achieved solid growth in 2018 and where market share had continued to grow. At the same time a focus was being maintained on ensuring the business model continued to operate properly, that if the market growth were to weaken, due to the growing market share, the Dutch business should continue to be able to achieve good sales in the Netherlands. Unlike for the Netherlands, no overall figures for the market were published in Germany, which made it difficult to obtain a comprehensive overview of the market. Mr Van den Ochtend explained that the company therefore considered, among other things, what the sector organisations published, and it was possible to conclude roughly that the total market remained the same in Germany, but that a shift was occurring from a market with traditional players to a disruption of the market by online entrants with new products that were taking over part of the market (slide 12). The company's market share within the market share of traditional players remained the same.

Customer satisfaction remained another important parameter. While the measured eKomi scores in the Netherlands and Germany were satisfying, the company wanted a metric that also included potential customers who decided not to buy, with the aim of ultimately managing to achieve more sales with that knowledge (slide 13).
The aggregate cost savings of € 25 million by 2020 were another important element of the strategy and the company was well on track to deliver that target (slide 14). In line with the expectation expressed in October 2018, € 15 million on an annual basis had now been achieved by closing loss-generating stores, workforce reductions and the discontinuation of activities that no longer had direct added value. The remaining € 10 million was to be achieved by steps including more effective purchasing as a result of better collaboration with fewer, international suppliers, bundling of volumes and simplification in the supply chain. The company was aware that these processes were long and complex and that executing them properly would take time, but expected that major strides could be made in the course of 2019 and 2020. Major strides had been made with regard to operating expenses, productivity and the organisational structure. The Management Board was relatively confident about achieving the targets set (see slide 14).
The initial steps were being taken in sales via online channels. The company was seeing that the market was rapidly moving towards online, and estimated that, within its categories, 20% of business would proceed via the online channel within a few years. It was responding to this by investments in its own websites, improvements of the ROPO effect in the organisation and closer cooperation with parties such as Bol.com and Amazon (see slide 15).

The profit and loss account recorded decreasing sales, from 1.4% in 2017 to -3.0% in 2018, partly as a result of a poor proposition. As stated earlier, the company had intervened in various areas in the second half of 2018, and the first effects were visible in the Netherlands and Sweden, for instance, but the Management Board was dissatisfied with the disappointing sales in Germany (see slide 16). In the Benelux, both sales growth and like-for-like growth had been achieved, of 4.6% and 3.0% respectively, with which the company was satisfied. In the DACH countries, negative sales growth of -8.0% and like-for-like growth of -6.4% had been recorded, which was why the restructuring had been carried out as it had been implemented by the company. In the New Business, of which Sweden and DBC were part, sales rose by 2.7% due to growth in Sweden, but decreased by 8.9% on a like-for-like basis, mainly due to the wholesale operations in the traditional bedroom furniture stores (see slide 17).
The gross profit margin had decreased from 57.7% in 2017 to 55.7% in 2018. This decrease was attributable mainly to the sale of lower-priced articles as a result of the competitive market and the use of lower-price sales promotions. The company aimed to compensate for the decrease in the gross profit margin by achieving benefits in terms of purchasing prices. Although this did not proceed entirely in parallel in terms of matching of timings, the company had taken a conscious decision to invest in Germany in particular in competitive prices and communicating its competitive pricing to the customers, after which the savings would follow at a later stage when the complex chain had been passed through, which involved a lagging effect (see slide 18).
The increase in the operating expenses from € 220 million in 2017 to € 244 million in 2018 was not in line with the decreasing sales. These expenses included one-off costs of € 7.6 million for the restructuring of Matratzen Concord in Germany, Austria and Switzerland. The remainder related to cost increases for logistics, IT, marketing and overhead, which was not in line with the 3% sales decrease. As stated earlier, action had been taken to reduce those costs (see slide 19).
EBITDA of the continuing business for the past year was 0.2%, compared with 7.0% in 2017. The ambition was that following the restructuring, gradual growth back towards an EBITDA margin of 7-9%, which had been achieved in the past, could be achieved in the medium term (see slide 20).
In 2018, the organisation had to recognise a loss of € 14 million. This excluded costs totalling € 10 million in one-off items that related to the termination of rental contracts and employees' contracts in Germany, Austria and Switzerland (€ 8 million) and the sell-out of the inventories in Germany as part of the restructuring (€ 2 million). The Group thus recorded an operating loss of - € 24 million. Combined with the two tax issues that had since been resolved and the loss due to the discontinuation of the activities in Spain (- € 5 million), the net loss totalled € 23.3 million (see slide 21).
Capital expenditure totalled € 17.3 million in 2018. This largely related to investments from the start of 2018 that could no longer be cancelled. No further investments would be made in major projects from the second half of 2018 to the end of 2019, unless this was strictly necessary (see slide 22).
The inventory position decreased by € 10 million, as a result of which net working capital decreased from € 38.1 million in 2017 to € 34.3 million (see slide 23).
Total sales of € 396.3 million was achieved in 2018, compared with € 408.8 million in 2017, with a net loss of € 23.3 million in 2018 compared with net profit of € 9.5 million in 2017 (see slide 24).
The balance sheet total amounted to € 140.7 million in the past year (2017: € 156.7 million). Notable movements compared with 2017 included the decrease in inventories from € 65.7 million to € 55.7 million, the increase in deferred tax assets from € 2.4 million to € 13.3 million and the decrease in receivables from € 17.2 million to € 12.9 million. In the aggregate, there was a balance sheet reduction from € 156.7 million to € 140.7 million (see slide 25).
Although the cash flow from operating activities remained neutral compared with 2017, total cash flow in 2018 was - € 17.0 million due to the investments that had been made at the start of 2018 (see slide 26).
The other key financial developments in 2018 could be summarised in the introduction of a clear medium-term strategy with transparent goals for returning to profitable growth within two to four years. The Group also agreed an adjustment of the covenants with the banks, which was achieved in 2018. In addition, the two tax issues that remained outstanding as communicated during the CMD were resolved and a formal legal case against BASF had been started. Updates would be provided should any developments occur in this connection (see slide 27).
To recapitulate, 2018 was viewed as a difficult year and a year of transition by the company. The Management Board hoped that it had taken the right steps to help the organisation to progress, although a great deal of work remained to be done in order to achieve the necessary recovery of sales in Germany in particular.

John Kruijssen continued the presentation with a discussion of the progress achieved on the medium-term strategy that had been presented on 26 October 2018. He started by providing information on the cooperation with Tempur in the Netherlands, Belgium and Sweden. With the introduction of Tempur, the Group was seeking a better balance in the product range of private labels only. The first provisional results were positive; in addition to a highly promising share of sales in the first weeks during which Tempur had been available in the stores, it also promoted the growth of M line. Tempur moreover also provided a higher-quality image for the stores without detracting from the DNA of the retail brands concerned.

Mr Kruijssen again provided explanatory information on the strategic framework introduced previously, which served as a basis for all (restructuring) activities that underpinned the medium-term strategy with the goal of offering the customer the best quality sleep and rest in all segments at affordable prices. It was hoped that these pillars would ultimately provide sales growth of 4-5% on an annual basis, an EBITDA margin of 7-9% of sales and an annual dividend distribution (see slide 29).
He emphasised that the subject of sleep was more topical than ever. The outcomes of countless studies were showing that (the quality of) sleep was crucially important to physical and emotional health and day-to-day performance. At the same time, all stimuli that were received on a daily basis owing to the speed at which today's society operated made it difficult to get enough rest. Targeting those themes by innovation in mattresses and technological developments in the area of sleep stimulation, which were accessible to consumers in terms of price, offered opportunities that the company aimed to pursue vigorously (see slide 30).

Spain
Mr Kruijssen explained the rationale for the discontinuation of the activities in Spain. The small network, the initiatives that had already been taken to expand El Gigante del Colchón to achieve break-even or a profit, the Catalan image in relation to the Spanish culture in combination with the sales model that did not tie in with the Group's business model and the problems concerning Matratzen Concord had led the Management Board to decide to discontinue the format in Spain. The sale of El Gigante del Colchón was completed on 1 November 2018 (see slide 32).

Benelux
The Management Board was satisfied with the order intake and the opportunities in the Benelux. At the same time, the Management Board was realistic with regard to the changing macro-economic conditions, the competition in the market and new entrants. Therefore, it was managing stringently for a further-reaching implementation of the lean & mean organisation in order to protect itself against potential disrupters in the market. Beter Bed had in addition adapted its traditional offline marketing strategy to campaigns that were increasingly being managed digitally and online. This new approach had been successful, and therefore progressing the development of this strategy was also intended for the future. Benelux order intake outpaced sales in the first quarter only due to the raw materials problems at the suppliers. Those problems had largely been resolved and this was expected to be manifest in sales in the second quarter (see slide 34). Mr Kruijssen also reported on new initiatives such as the introduction of the Wave, the Mattress for Life campaign, the cooperation with Tempur, the market launch of the recyclable box spring Element, new marketing campaigns and the introduction of transparent and readable price tags in the stores (see slide 35). A video of the fully recyclable box spring Element was shown, after which Mr Kruijssen presented the USPs of this box spring, such as re-use and separate ordering of all parts. By providing the option of 'leasing' the Element, the organisation had taken a first step towards its ambition to build up a lifelong relationship with the customer (see slide 36).
Owing to its great importance, Mr Kruijssen highlighted the advice to customers once more. He referred to the professional advice given by the sales staff as one of the success factors that was also being translated into online tools. Online examples included the 'mattress finder', the box spring configurator and the CRM for after-sales communication (see slide 37).
The organisation was seeing that almost everyone initially explored products online nowadays, meaning, for instance, that online sales for mattresses could continue to grow. Accordingly, online was a cardinal factor for Beter Bed in the changing business model with a dynamism of its own, which entailed different requirements for speed, engagement with customers and suppliers and supply chain structuring. Substantial efforts were being undertaken to not only improve the website and communication concerning the products, but also to continually refine the technology underlying this. The Management Board was aware of the progress being achieved, but was not yet satisfied with it, partly because of the opportunities and possibilities offered by online for the future with a view to coping with possible disruption (see slide 38). All these developments necessitated a culture change, which was being communicated internally in various areas and was being implemented in various phases. One of the initiatives introduced as part of this process was a new, group-related remuneration program for the top levels of the organisation and an employee app, which would be rolled out to the other countries. Training and refresher training for employees remained a core activity (see slide 38).

DACH

Despite the restructuring in 2018 and a further refocusing of the company, the Management Board was dissatisfied with the results and the speed of the recovery in Germany, Austria and Switzerland. One of the decisions taken by the Management Board had been to intervene in the management, replacing the present General Manager with an experienced turnaround manager, who was temporarily responsible for the execution of the change measures taken in Germany. In the period ahead, the Management Board would continue, as had already been the case for a considerable time, to be present at the office in Germany on a weekly basis. The present General Manager had been given a different role within Matratzen Concord (see slides 41 + 42).

With a view to the restructuring, Matratzen Concord had introduced a well-balanced range in the past period, with the introduction of the competitive Bodyscout, the StiWa mattresses and the affordably priced box spring Pura (see slide 43). In addition, in order to seek to retain and increase market share, Matratzen Concord was mainly pursuing a refocused positioning as the mattress specialist in the replacement market (Fach Discounter), but also the introduction of competitive box springs and a thoroughly considered implementation of textiles and related articles, with which more traffic could be generated (see slide 44).

While there was progress on online sales at Matratzen Concord, this built on a very small base and was therefore not yet material. At present, extensive attention was being directed at scaling up the online facilities in the DACH countries, to which end the German online platform was following the Dutch model, with a view to the possibility of managing e-commerce centrally in the future.

The tests on Amazon.de, which were performed earlier than planned and where an expanded product range could be offered from the end of June, were an example of the online progress (see slide 45).

Investments had been made in the past period in collecting data that were intended to provide the organisation with knowledge about the stores, their demographic environment and their performance. That information was important for managing store policy even more stringently in the future. The subsequent slides, showing the effect of a store that was refurbished without extra investments, illustrated how that knowledge was being applied (see slides 45 to 47).

In the change to a performance-driven culture at Matratzen Concord, the focus was on sales, the number of stores, the number of customers and conversion. In addition, the job classification system was being organised, which was based on the Dutch model and a feedback culture had been created in which employees felt free to communicate (see slide 48).

In a timeline, Mr Kruijssen showed all the activities that had been carried out since the fourth quarter of 2018 and were intended to contribute to the necessary recovery of sales of Matratzen Concord (see slide 49).

New Business

In 2018 results in Sweden were disappointing because many stores had been opened, disproportionately high costs had been incurred as a result and the summer had been extremely warm. This had been largely rectified in the first quarter by a positive order intake. In addition, Tempur and Eco-life had been added to the range in Sweden and there was scope for testing innovations, and the Management Board indicated that it was hopeful about the progress (see slide 52).

Changes that were bearing fruit had also been implemented at the wholesaler DBC International. In order to avoid conflicts between the two channels, differentiation had been applied in the M line mattress that was sold in own stores and at dealers. A one-size-fits-all mattress, the Wave, had been developed and introduced in the market, which had been awarded third prize by the Consumers' Association (Consumentenbond) and the M line sustainable Green Motion had been introduced in January. In addition, the entry into the B2B market was increasingly bearing fruit and dealers were adding M line to their ranges as a result of the cooperation with Tempur. DBC also aimed to enter into cooperation with DeRucci, a Chinese retail organisation with various formats and a total of some 4,000 stores, which intended to include M line in its stores. Initially, M line would be sold in their sports format, which currently numbered 700 stores but would continue to expand. This cooperation offered opportunities for launching a further roll-out of M line in China (see slide 53). The new M line campaign video starring Shanice van de Sanden was shown.

Mr Kruijssen closed his presentation by designating his goal of ultimately transitioning to a business that was building a sustainable organisation, where the importance of sleeping was embraced and stated the company's dream that one-time purchases would be replaced on all fronts by a lifelong relationship with customers (see slide 54).

Summarising the presentation as a whole, Mr Kruijssen recognised that 2018 had been a bad year. After having led Beter Bed Holding for one year and with an awareness of the challenges still facing the Group, he was confident in the resilience of the organisation and the professional competence of its employees. On the basis of the results already achieved, the medium-term strategy that had been introduced, the measures that had been taken and the steps that still needed to be taken, the intention was to do everything possible to achieve a more positive outcome. However, it was clear in this connection that Matratzen Concord was the main element and that the provisional results unfortunately did not show any substantial improvement (see slide 57). In conclusion, Mr Kruijssen thanked the shareholders for their loyalty and the trust they continued to place in the organisation. He would do his utmost to continue to deliver on this.

The chair gave shareholders the opportunity to ask questions.

Mr M. Kers, representing the VEB (Dutch Investors' Association) and the customers he represented on behalf of Rabobank and ABN AMRO Bank stated that he was favourably surprised by the presentation of the Management Board. He wished them success in the implementation of the new strategy. He had the following questions:

a. What was the company's plan B if recovery in Germany failed to materialise for longer than expected and for how long did Beter Bed Holding intend to replenish the negative equity of the organisation in Germany in order to avoid insolvency under German laws and regulations?
b. To what extent could a weaker economy influence the medium-term strategy and what were the consequences for sales and the development of the margin?
c. Why did Beter Bed believe that it would in fact be successful online as a physical retailer? As many online players accepted substantial losses, could this have an impact for Beter Bed on the online results compared with offline?

Mr Kruijssen answered the questions:
a. Various scenarios including the impact had been and were being discussed internally. Naturally, no details would be provided on this. The only thing that could be said was that the organisation was working hard to make the difference on an operational basis, with an awareness of German laws and what this required in terms of policy.
b. As had become clear in the presentation, much had been learned from the situation in Germany. The company's agility was being considered at present, should calamities occur with regard to the economy or in the field of competition. The ways in which the organisation was preparing included cost reduction and a tighter focus on leadership in the markets by seeking to capture sales from competitors.
c. The company understood that it was difficult to engage suddenly in activities in the online channel. This was one of the reasons why the organisation was restructuring. Mr Kruijssen believed that business online offered opportunities. The company was in fact demonstrating this in the Netherlands in the online growth and the partnerships into which it had entered with major internet companies. He expected that sales would increasingly be generated online in the future, but that the mix between off and online would continue to be necessary in this sector. The policy had been adapted to this expectation, with the organisation aiming to emulate the companies that were in fact successful online.

Mr P. Swinkels from Gemert asked what percentage of sales was private label and whether investments could be made in sleep technology with that share without compromising cost leadership?
Mr Kruijssen stated that until the restructuring, the entire range in the Dutch-speaking area, apart from Emma, had been private label. In Sweden, the balance between brand and private label was different and multiple brands had always been used in Germany. Mr Kruijssen confirmed that the company was seeking a different balance, firstly through the cooperation with Tempur. He expected that the organisation would require investments in the area of innovation, but specific cooperation was being sought with suppliers and other organisations to keep those investments as low as possible.

Mr F. Schuurbiers from Breda asked whether, after having reported negative cash flow for two years, it was already possible to provide a forecast for the cash flow in 2019?
Mr Van den Ochtend confirmed that this trend could not be continued for very much longer. The turnaround to a healthy cash flow was a necessary part of the medium-term strategy, in connection with which 2019 could be qualified as a transitional year. It was still too early to issue forecasts for 2019.

Mr B. Dekker from Utrecht asked the following questions:

a. What was the substance of the claim against BASF?
b. For the purpose of balance sheet accounting, what was the status of the settlement of the rental contracts for the stores in Germany that were closed in November 2018?
c. How would the discontinuation of the activities in Spain proceed and did this have tax consequences?
d. To what extent was the planning on track? What was the explanation for the sales decrease in Germany in the first quarter of 2019 and were the reduced customer ratings solely attributable to problems concerning supply from manufacturers, why were there tensions with the manufacturers?
e. Did the disappointing results in Germany lead to specific marketing initiatives and were those successful?

Mr Kruijssen answered the questions a. and d., Mr Van den Ochtend answered the questions b. and c.:

a. BASF had issued – in retrospect prematurely – a press release that there might be a problem with raw materials that were used to manufacture mattresses. This communication caused a panic response in the supply chain. As a listed company, Beter Bed Holding had been obliged to respond to this negative coverage, resulting in a stagnation in the supply and sales of mattresses that continued to hound it. BASF was not prepared to accept liability for the damage suffered in the supply chain. Owing to the indirect relationship that Beter Bed Holding had with BASF, the organisation had opted, on the basis of legal advice, to take action against both the manufacturers/suppliers and BASF. The damage comprised various components, such as the costs that the organisation had to incur for quarantining the goods, the operational organisation in order to contend with the situation, the cancellation of orders and the loss of sales. The damage had been substantiated, insofar as possible, in a summons that had been sent to the various parties.
b. There was a local real estate team that closely followed this process in order to jointly achieve the best possible deals. The settlement of these 170 rental contracts was progressing steadily. Good results had been achieved for the large contracts in particular. At the end of the year, a provision had been determined that had been recognised in the balance sheet for the properties for which no solution had yet been found. The rent would continue to be paid, until the expiry of the contract, for the small number for which no good deal had been concluded. As the terms of these contracts were not very long, the Management Board expected to complete this by the end of 2019.
c. The sale of the stores in Spain had brought all operational activities to a close. The legal process was complex, however. The company was being assisted to that end by local advisers and the settlement process had been discussed with the tax authorities. The Management Board expected to complete this process in the course of 2019.
d. There were two types of problems with suppliers: 1) because they were closed during Christmas, a number of suppliers were unable to achieve timely delivery of the large number of orders that were concluded in the fourth quarter of 2018 and 2) five suppliers were unable to supply all raw materials that were necessary for the box springs and this impacted planning and logistics. As a result of these problems, the order book had continued to grow, particularly in the Netherlands and Belgium, but was not converted into sales. An improvement in the results in the DACH countries had been visible in the fourth quarter of 2018. This development continued in Austria and Switzerland in the first quarter of 2019, but was far below expectations in Germany. The Management Board had established in this connection that directing the measures that needed to be put in place with priority could not be achieved by the present general manager. In response, the Management Board had decided to take on more responsibility itself, to appoint an external interim manager and to give the general manager other responsibilities within the organisation.
e. Extensive testing on effectiveness was carried out in in the area of marketing in Germany, taking into account the best practices of the Group. The marketing approach in Germany was currently being adjusted, in effect reverting to direct, flat and transparent communication with much more call to action.

Mr R. Snoeker from Nieuwkoop had the following questions:

a. Did the Management Board concur with Mr Snoeker's calculation that if the targets were combined, a net profit of at least € 10 million and at most € 18 million would be achieved by 2022? When did the Management Board expect to reach break-even?
b. Was the organisation aiming, if the dividend policy is continued, to distribute almost the entire profit, as in prior years?

Mr Van den Ochtend answered the questions:

a. It was not possible to confirm the amounts mentioned. There were various scenarios under which a range of different calculations were possible, taking account of the core ratios (including a medium-term ambition of 7-9% sales growth). Other factors also played a role in this connection.
   There was a model for when the organisation was expected to return to break-even. It was a fact that intervention had been necessary. The company was working extremely hard to become profitable again but this had not been linked to any particular date, and it was not possible to say whether this would be achieved in 2019.
b. It was part of the dividend policy that the organisation would distribute at least 50% of the profit as dividend. In the past, this had been applied up to percentages of more than 80%. In the medium-term planning, the dividend distribution would be in line with the investments in the omnichannel activities and digital in particular. Accordingly, a return to such percentages could not be guaranteed. Going forward, the distribution percentage would probably be more balanced, with several components likely to be included in the consideration.

Mr P. Swinkels from Gemert responded to the above. He was adamantly opposed to a dividend distribution exceeding 50%, as past experience had shown that if the dividend distributed was too high, the company was eaten up from inside. He hoped that the Supervisory Board and the Management Board had the courage to switch to a dividend distribution – if any were possible at all – of at most one third, if this was possible under the policy.

Mr J.J. Bongers, representing Teslin Capital Management, which held 14% of Beter Bed Holding's share capital, complimented the Management Board on the detailed and energetic presentation. Mr Bongers reflected briefly on the 2018 financial year. Teslin experienced 2018 as a very challenging year during which the new Management Board team had introduced a new strategy and several significant steps had already been taken to execute it. Teslin summarised that the results of the formats within the Group diverged widely, with the positive developments that the Dutch-speaking formats had strengthened their position and that it had been decided to discontinue the activities in Spain. These achievements were however outweighed by the results of Matratzen Concord, where the company had to date not yet been able to turn around the negative sales trend, despite a first restructuring in the fourth quarter. Teslin trusted that the management would continue to set the right priorities with a focus on recovery in Germany and concurred with the decision of the Management Board to take on the direct responsibility for the DACH countries. While Teslin placed trust in the solid commitment and the decisiveness demonstrated by the Management Board, it wished to emphasise the urgency of achieving a recovery in the sales development following decreases on a like-for-basis after 14 quarters, with tight management on cost reduction being required. Teslin asked the Management Board to give full attention to the steps to be taken and to enter into a good and pro-active relationship with the banks, to which end, in their view, various sensible scenarios could be discussed that should enable a successful recovery. It was essential in this regard that the market was not taken by surprise by unexpected, negative announcements.

Mr M. Kers, representing the VEB and the customers that he represented on behalf of Rabobank and ABN AMRO Bank, had the following questions:

a. According to the annual report, the company had a committed and a non-committed facility with the banks, while the actual total of the credit in the balance sheet was € 23 million. Up to what amount was the company permitted to be in the red?
b. A different formula for the solvency ratio was often applied by the banks. Had the banks changed this formula?
c. Were the ratios being achieved after the first half of the year?
d. On page 69 of the annual report, an amount in tax losses that was capitalised in the balance sheet of € 12.8 million was disclosed. Was the calculation correct that, based on 25% corporate income tax in the five-year forecast that was stated in the annual report, a profit before tax of € 51.2 million was achieved on a cumulative basis for tax purposes?

In addition, Mr Kers wished to make the following statement:
The success of the company depended on its operations being in order. Although the problems with suppliers had already been mentioned, Mr Kers had been quite shocked by one of the experiences of which he had learnt about what had gone wrong operationally in a purchase of a Beter-bed that had been ordered in March and was delivered in mid-June. He had a written record of those experiences and wished to hand this over with the request to address this internally, to ensure that those experiences were not repeated.
The chair took careful note of this observation and requested Mr Kers to forward the e-mail.

Mr Van den Ochtend answered the questions put forward earlier:

a. In total, the company had a credit facility of € 40 million, of which € 20 million was committed and € 20 million was non-committed. Those amounts could be used to be in the red. The company should now be able to operate perfectly well with the ratios agreed in the non-committed facility with the banks.
b. The annual report contained the information that the company shared with the stakeholders and the agreements made with the banks were discussed with those banks on a regular basis. There were various ways of looking at solvency and the banks did in fact look at it in a different way.
c. The information in the annual report was a good measure of the agreement that had been made with the banks. As stated previously, the leverage ratio had been adjusted for the end of 2018 and this had been achieved. The Management Board had confidence in the measures for the medium term and that there would then be a good financial position to comply will all conditions in the medium term. The company was currently in the first quarter of that medium term. That was the point involving the highest risk, because turnarounds needed to be achieved immediately then. The annual report stated that the leverage ratio was the ratio with the highest risk and this was managed on a daily basis, both on the debts side and on the EBITDA side. The first measurement date was in mid-June. This was being looked at actively and talks with the banks on this took place in a regular basis. It was still too early at present to say anything about this, but the Management Board was naturally following this very closely.
d. The person asking the question was responsible for the exact calculations, but the rationale for looking at it in this way was clearly possible. The company performed a similar calculation before the losses were recognised in the balance sheet. This was underpinned by a long-term business plan, because the company considered it justified to recognise this.

Mr Van Rooij, auditor at PwC, added to Mr Van den Ochtend's answer concerning tax losses set out above that the calculation outlined was too simple, as the tax losses applied to more countries than just the Netherlands alone and the percentage in the Netherlands was a decreasing percentage.

3. Report of the Supervisory Board

The chair referred to the relevant section on the annual report website or pages 38 to 42 of the annual report.

On behalf of and for the benefit of the stakeholders, the Supervisory Board supervised and supported the Management Board. The Board ensured the continuity of the Management Board and the organisation. The Supervisory Board and the Management Board endorsed the principles for good corporate governance as included in the Dutch Corporate Governance Code, which would be dealt with in agenda item 6.

In 2018, Mr Slippens, Ms De Groot and Mr Van der Vis had stepped down and Mr Vermeulen, Mr Beyens, Mr Boone and Mr Karis had joined for a term of four years. Mr Boone had agreed to become chair of the Remuneration Committee and – acting – chair of the Audit Committee.
In accordance with provision 2.2.2 of the Corporate Governance Code, Mr Goeminne had been reappointed at the Annual General Meeting held last year for a term of one year and would step down after this meeting. The duties and responsibilities of the chair would be taken on by Mr Karis.

The chair discussed the activities at some length, because 2018 had been a special year in which the Supervisory Board, as in 2017, had been closely involved in the developments of the Group. In addition to frequent contact with the CEO, the Supervisory Board had met physically on ten occasions and held six meetings by telephone. In addition to the meetings with the external auditor, various sessions took place during several meetings, at which the analysis of the disappointing results and the action to be taken were discussed in detail. The Supervisory Board also provided input for the medium-term strategy and the restructuring plan for the DACH countries. At the last meeting, ahead of the Capital Markets Day, the strategy including the financial and non-financial objectives in the performance framework, the implementation plan and the risk matrix were approved by the full Supervisory Board. The Management Board reported periodically on progress in the regular meetings. In addition, the budget for 2019 was discussed and approved in the meeting of 20 December 2018.

Extensive attention was continually devoted in 2018 to liquidity, the commercial progress of the various activities, tax matters, shareholder relations and the findings of the internal auditor to improve the internal organisation. Contact took place with the Works Council and the general managers and the head office in Germany was visited. Topics including the performance of the Management Board and the remuneration policy were discussed in closed meetings. Consultation on the performance of the individual members of the Management Board also took place in individual interviews.

During the financial year 2018, the Audit Committee consisted of Ms De Groot (Chair), Mr Goeminne and Mr Van der Vis. After the Extraordinary Annual General Meeting on 3 December 2018, Mr Beyens, Mr Boone and Mr Karis were added to this Committee and Ms De Groot and Mr Van der Vis stepped down on 4 December 2018. Mr Boone served as acting chair until the appointment of a new financial expert. The Audit Committee held two meetings, at which the financial statements, the management board report, the interim results, the associated reports including the key audit matters and the conclusions of the internal auditor and other matters were discussed in detail. In addition, the areas to which attention was devoted included tax matters, the audit plan, and the risk controls and risk management systems, in which the Supervisory Board had confidence.

In 2018, the Remuneration Committee consisted of Ms De Groot, Mr Goeminne, Mr Van der Vis, chair Mr Slippens (until the end of April) and Mr Vermeulen (from May). Two committee meetings were held and there were frequent interim consultations on filling the vacancy that had arisen after the departure of the CFO. At the meeting in December 2018, Mr Boone, Mr Beyens and Mr Karis were appointed as members of the Remuneration Committee. Mr Boone was appointed as chair and Mr Vermeulen stepped down. Reference was made to the remuneration report and the agenda items 4a. and 4b.

With regard to corporate governance, the Supervisory Board endorsed the principles set out in the Corporate Governance Code.

Mr Goeminne would retire today in accordance with the retirement by rotation schedule. Mr Karis would take over as chair and Mr Boone would serve as vice chair. Ms G. Reijnen was also to be appointed as a member of the Supervisory Board at this meeting (see agenda item 8).

With regard to diversity it was found that Beter Bed Holding formally did not meet the statutory requirement of 30% for a balanced composition of the Supervisory Board. Account had emphatically been taken of diversity on the basis of gender in the search for new members of the Management Board and the Supervisory Board. In addition, the selection had been based on broad experience, background, skills, knowledge and insights. With the appointment of Ms G. Reijnen, the Supervisory Board expected to take a step towards the legally required percentage. The goal remained to increase diversity in top management.

The Supervisory Board recognised the broad interests represented by the company and understood its responsibility towards all the stakeholders. Despite the challenging phase in which the company found itself, a change process was initiated in 2018 due to which the Group could continue to develop in numerous areas. This could not have been achieved without the committed contributions of the employees and the stakeholders. The Supervisory Board was grateful to all concerned for their contribution to achieving the objectives set.

The chair thanked Mr Bongers of Teslin in particular for the reflection on the year 2018.

There were no questions concerning this agenda item.

4.a. Remuneration policy

The floor was taken by Mr Boone, chair of the Remuneration Committee. The Remuneration Committee had formulated the key features of the policy, which were described in the remuneration report that was available on the annual report website or on pages 43 to 45 of the annual report. The remuneration policy had been approved by the Annual General Meeting on 23 April 2009 and partially amended and adopted by the Annual General Meeting in 2013. The partially amended options policy had been adopted in the Annual General Meeting of 19 May 2016. The terms of reference of the Remuneration Committee were available on the corporate website, www.beterbedholding.com.

There were no questions concerning this agenda item.

4.b. Implementation of the remuneration policy for 2018

Pursuant to Section 2:135 (5a) of the Dutch Civil Code, account was given of the implementation of the remuneration policy for the Management Board and the Supervisory Board. This was 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 had not changed compared with prior years and included a fixed salary, options on shares and pension. Detailed disclosures were available in the remuneration report (page 43 of the annual report). For both the CEO and the CFO, agreements concerning the amount of variable remuneration in 2018 had been made in 2018 upon their appointments. The reported variable remuneration in 2018 was contractually agreed as the 'guaranteed bonus' for 2018. An overview of the remuneration of the Management Board and the Supervisory Board for the past year was shown. For further information on the remuneration of the Management Board and the Supervisory Board, reference was made to the notes to the agenda and the notes to the consolidated balance sheet and profit and loss account on the annual report website or on pages 78 and 79 of the annual report.

There were no questions concerning this agenda item.

4.c. Review of the granting of rights to shares in Beter Bed Holding N.V.

Mr Kruijssen was appointed as CEO of Beter Bed Holding N.V. for a period of four years during the Annual General Meeting on 26 April 2018. His remuneration was determined in line with the remuneration policy upon his appointment. In addition to the customary components, Mr Kruijssen was awarded a single grant of 100,000 signing options. These signing options were intended to provide a long-term incentive with a view to long-term value creation for the company.

In the Remuneration Committee's view, this option scheme, under the conditions adopted last year, no longer served this purpose. The reason was that the development of the share price after the announcement of the proposed appointment arose from strategic and operational decisions that had been taken before Mr Kruijssen's starting date. At the time of the announcement, the share price was € 13.06 and on the starting date, 1 April 2018, it had fallen to € 9.31, meaning the signing options were out of the money at that time. In response to an initiative of the Remuneration Committee, the Supervisory Board took this into consideration and work was undertaken on a new scheme that did fulfil the objective. The Supervisory Board therefore proposed to terminate the existing scheme in full, even though part of it had already vested, and to replace this with an amended option scheme. The main change under the scheme relates to the proposal to grant Mr Kruijssen 200,000 options, to replace the 100,000 options granted last year. The options would be granted as of today at an exercise price equal to the average of the opening and closing price on 29 April 2019 and the closing prices of the four subsequent trading days. The vesting period would be two years (in 24 monthly instalments). This option scheme had an exercise period of 12 months, and the vesting period would commence on 1 April 2019 and end on 31 March 2022. Under the scheme the provision would continue to apply in full that if and insofar as the contract for provision of services with the CEO was terminated in the interim on the initiative of Beter Bed Holding N.V. (pursuant to a resolution of the Annual General Meeting) for reasons that were not mainly attributable to the CEO, 1/24th of the signing options could be exercised for each full month worked by the CEO during a period of 12 months after the termination of the contract for provision of services. The other elements of the contract for provision of services with the CEO would remain unchanged.

The Supervisory Board believed that this amended scheme was consistent with the desire and need to bind Mr Kruijssen to Beter Bed Holding as CEO for the longer term so that he could continue to direct and further implement the previously stated and already initiated strategy in order to create a solid basis for future growth. The Remuneration Committee thereby stressed that the design of this new option scheme achieved close alignment of interests between the CEO and the company's shareholders.

Upon adoption of this agenda item, the existing option scheme would be terminated in full and the conditions of the new option scheme would apply, as explained above. Mr Kruijssen had in that connection committed himself to Beter Bed Holding N.V. by immediately purchasing an additional 100,000 options for shares in the company at a purchase price of € 50,000 upon the adoption of this agenda item. The same conditions as described above would be applicable to those additional options.

Mr M. Kers, representing the VEB and the customers that he represented on behalf of Rabobank and ABN AMRO Bank, had the following questions:

a. What was the reason for this review, because last year Mr Kruijssen had been appointed with an option package for which the share price movements already indicated at that time that its feasibility was uncertain?
b. Why had the number of options been doubled from 100,000 to 200,000?
c. Grants under this option scheme were based on today's share price. If it was known that the result before taxation would improve by € 25 million due to cost savings, would it then not have been more appropriate to set the entry price higher than today's share price and why had this not been opted for?

Mr Boone answered:

a. In the Remuneration Committee's view, Mr Kruijssen had to be compensated with regard to the remuneration package as it had been agreed at the time, because several components no longer represented the value that had been previously envisaged. The Remuneration Committee had taken the initiative for a review because it considered Mr Kruijssen to be crucially important for the execution of the current vigorous transformation process and the Supervisory Board had the obligation to represent the interests of all stakeholders.
b. The value that the 200,000 options currently represented was virtually equal to the value of the 100,000 options at the time of Mr Kruijssen's entry.
e. Mr Boone emphasised the obligation that Mr Kruijssen had entered into by buying 100,000 options himself. In his view, this was a positive signal vis-à-vis Beter Bed Holding and all stakeholders, with the organisation standing to benefit from stability and consistency with regard to the execution and the Supervisory Board being responsible for creating the right conditions.

Mr Bongers, representing Teslin, read out a statement in which he provided reasons for voting in favour of this agenda item. The statement was appended to the minutes as appendix 1.

The chair submitted this agenda item to the vote. Preceding this, Mr R. van Bork (civil-law notary, Loyens en Loeff) presented the contours of the total of 3,352,758 proxy votes, which would be cast in favour of all items except agenda item 4c.

Contrary to what Mr R. van Bork had stated during the meeting, 1,303,058 of the total of 3,352,758 proxy votes were cast against the proposal on this agenda item. With a total of 56,004, the VEB and the customers that the VEB represented on behalf of Rabobank and ABN AMRO Bank also voted against the proposal.

In view of the number of votes against the proposal, the chair established that resolution to review the granting of rights to shares in Beter Bed Holding N.V. had been passed.

4.d. Consideration of the financial statements for the 2018 financial year

The chair gave the shareholders the opportunity to ask questions.

Mr F. van Overbeeke from Ugchelen was pleased with the positive perspective the Management Board had for 2019, even though a number of critical comments might be in order on it. He did not wish to dwell overly on 2018, but his conclusion was that what had not gone right came together in two items relating to taxation. He had the following questions:

a. The item tax losses had increased by € 11 million. What was the division of the approx. € 13 million between the countries, especially between the Netherlands and Germany? What risks were there with regard to the evaporation of the losses that had been incurred last year and in the preceding years?
b. Had it been decided to recognise the losses of € 4.9 million, which related to the discontinuation of the activities in Spain and were incurred on participating interests in Spain, as income in 2018?
c. Based on € 4.9 million that are to be set off against the results achieved in the Netherlands and a tax rate of 25%, was the calculation feasible that with regard to the Holding company, the Spanish operation had incurred losses of € 20 million through the years?

Mr Van den Ochtend answered the questions:

a. Referring to the note in the text, he stated that this did not relate to the Netherlands but to the countries Germany, Sweden, Switzerland and Austria. The division had not been specified, but the result related to the total of the operations in the countries that had built up the losses, of which Germany was the largest.
b. He confirmed that this rationale was correct.
c. The organisation had received an additional comment from the auditor that the percentages were not the same for each country and that a graduated scale applied. The conclusion that the losses viewed cumulatively had been significant in Spain, which had indeed been a reason for discontinuing the operation in Spain, was correct.

Mr Van Overbeeke expressed his astonishment about the lack of watchfulness and signals in the period before the appointment of Mr Kruijssen. He continued with his questions.

d. In the 2016 annual report, the then CFO stated that from 2017, intercompany financing would lose its attractiveness due to an expected legislative change. On enquiry, this was said to involve an amount of approx. € 1 million, with nothing to be feared from the past. In the 2017 annual report, no more was said about the consequences of the changes, following which it was stated during the Capital Markets Day in October 2018 that there was an issue with the tax authorities that went back five years. In conjunction with the German tax issue that had since been resolved, this gave him the impression that shareholders had been put on the wrong track. He wondered whether the responsible team was insufficiently competent to assess such matters?

With the abovementioned points, he wished to ask the Management Board and the Supervisory Board to be alert in connection with such matters, not to lose their watchfulness and if necessary ask for a second opinion.

The chair stated that the timeline of the events sketched by Mr Van Overbeeke was correct, but that the feeling that the shareholders had been put on the wrong track was not correct. The organisation had always sought advice from top tax specialists in the Netherlands and Germany. However, in 2018 the company was unexpectedly unpleasantly surprised by the outcome in Germany in which a decision had been taken that diverged from the advice.

Mr B. Dekker from Utrecht commented on the length of and repetitions in the auditor's report. For his questions with regard to the company financial statements, he referred to the sentence about the cash pool structure on page 85 and the statement that no events had occurred after the balance sheet date that were required to be disclosed. In 2018, the negative equity of a number of participating interests had been replenished by means of capital contributions.

a. Did this mean that the Netherlands was required to provide financial assistance to Germany?
b. Were there minimal and very short-term current account balances between group companies or was there a current account problem between the Holding company and the German operating companies?

Mr Van den Ochtend answered that short-term current account balances related to the regular cash pool structure. These had nothing to do with the situation in the specific countries and were not related to Matratzen Concord where the losses had been replenished by the Holding company pursuant to German law. In the past, group companies had also been replenished with profits from Germany. This topic had also been taken into account in the medium-term strategy.

There were no further questions.

4.e. Presentation of the audit of the financial statements

Beter Bed Holding had, for the purpose of the AGM, suspended PwC's duty of confidentiality. The external auditor had a rectification obligation, which is to say that if statements were made that provided a materially inaccurate presentation of the facts in relation to the financial statements or the auditor's report, PwC would request them to be corrected either during the meeting or before the final adoption of the minutes of the meeting.

The chair gave the floor to Mr Wim van Rooij, partner at PwC Accountants. Mr Van Rooij gave a presentation on the procedures performed, which had been carried out for the fourth year in succession, and the auditor's report. The format of the auditor's report that had been issued was the same as that of last year. The negative development of the financial results had influenced the audit approach and had led to an additional key audit matter. An unqualified auditor's report on the 2018 financial statements had been issued on 28 February 2019. The report contained a summary of the audit approach, providing more context to Beter Bed and describing in more detail the audit procedures for the key audit matters – the existence and valuation of inventories, the accuracy of the sales and the consequences of the negative development of the financial results on the financial statements. The audit procedures were selected on the basis of estimated risks for the financial statements as a whole, taking into account that internal controls were implemented by the company itself. The audit plan including the risk areas and focus areas, including fraud, had been discussed with the Audit Committee. The materiality for the financial statements as a whole had been set at € 3,960,000 on the basis of 1% of sales. BBH Services GmbH & Co. KG, Matratzen Concord GmbH and Beter Bed B.V. had been included in the group audit and specific procedures had been performed for other entities. There had been close cooperation in Germany with another auditor, who had performed procedures on the basis of the instructions issued by PwC and had been present at the concluding meeting. The team also comprised specialists in the areas of IT and taxation and experts were involved for the assessment of the going concern assumption due to the negative development of the financial results, valuation of the properties and IFRS 16.

The key audit matters sales and inventories had been discussed in previous years. Reference was made to the auditor's report for explanatory information and the auditing method for those matters. 'Consequences of the negative development of financial results on the financial statements' was a new key audit matter. For various reasons, the development of sales had lagged behind expectations, which had led to, among other things, a strategic readjustment, scenario analysis, restructuring of Matratzen Concord, sale of the Spanish activities and a temporary, preventive amendment to the financing agreement. In this connection, the bank covenant 'net interest-bearing debt divided by EBITDA' was adjusted on a one-off basis to the measurement of an absolute EBITDA at 31 December 2018. The Management Board had executed actions and made further plans designed to lead to a recovery sales and therefore also results. That recovery depended in part on external factors. As forward-looking plans and underlying assumptions for sales growth and other aspects were always subject to inherent uncertainties, the negative development of the financial results had been included as a key audit matter.

The auditor had assessed, jointly with experts, the analysis of the expected compliance by the company with the criteria for the bank covenants at 30 June 2019, 31 December 2019 and 30 June 2020 that had been prepared by the Management Board. Where possible, elements thereof had been tested against results already realised, operational KPIs, results of actions executed and external sources with the key focus areas of the underlying assumptions, the opportunities and threats and the sensitivity analysis of the available scope in the aforementioned bank covenant. Various audit techniques were used to assess the analysis. In addition, the disclosures in the financial statements and the annual report were reviewed. On that basis, no material findings arose for the auditor with regard to the going concern assumption applied. The auditor assessed the tone of the Management Board in the annual report as appropriate. The observations had been shared with the Management Board. It had been ascertained that the required disclosures had been included and that the annual report was consistent with the financial statements. The description of the risk management and system of controls included in the annual report was not inconsistent with the outcomes of the financial statements audit. The principal risks had been disclosed in the risk section.

The chair thanked Mr Van Rooij for his presentation.

Mr M. Kers, representing the VEB and the customers that he represented on behalf of Rabobank and ABN AMRO Bank, had the following questions on this subject:

a. Had the sensitivity analysis that had been performed included a stress test? If so, was the conclusion still justified under those circumstances that the bank covenants could easily be complied with in that case?
b. How had the German organisation been audited, in the knowledge that the continuity of Matratzen Concord as a going concern would have been at risk without the assistance of the Holding company?

Mr Van Rooij answered this:

a. The assumption that the bank covenants would be easily complied with was not correct and had not been described in that way in the financial statements. The going concern assumption, and in connection with it the bank covenants, had been critically assessed. If anything had been found in the financial statements regarding the going concern assumption that had not been correct, action would of course have been taken on that. The sensitivity analysis had likewise been critically assessed. Based on the procedures performed as described in the auditor’s report, it had been possible to conclude that the going concern assumption had been applied on good grounds.
b. The German organisation had been reviewed by another auditor. Based on the audit, the latter had been able to issue an unqualified report on the accuracy of the figures.

4.f. Adoption of the financial statements for the 2018 financial year

Pursuant to article 32 (2) of the Articles of Association, the financial statements are adopted by the Annual General Meeting. There were no further questions on this topic.

The chair submitted this agenda item to the vote.

He established that there were no votes against this agenda item or abstentions. Therefore, the financial statements for the financial year 2018 were adopted unanimously.

5. Dividend policy and payment of dividend

Beter Bed Holding N.V.’s dividend policy focused on maximising shareholder return while at the same time maintaining a solid capital position. The company’s target was to pay out at least 50% of net profit to the shareholders, subject to conditions, in the form of an interim dividend following the publication of the third-quarter results and a final dividend following approval of the dividend proposal by the Annual General Meeting. This ensured that the payment of dividend was spread proportionally over the year. The payment of dividend was not permitted to result in the company's solvency ratio being lower than 30% on any date of publication. The net interest-bearing debt/EBITDA ratio was not permitted to exceed two. Each year, with the approval of the Supervisory Board, the Management Board determined what portion of the profit is to be retained. The decision to pay an interim dividend was also subject to the approval of the Supervisory Board. The dividend policy was unchanged.

The results for the financial year 2018 did not permit a dividend to be distributed, as the conditions set by the dividend policy could not be complied with and no profit had been achieved for the financial year 2018. Nor would a distribution take place from the portion of the company’s equity available for distribution.

There were no questions.

6. Corporate Governance

The Supervisory Board and the Management Board endorsed the principles for good corporate governance as laid down in the Dutch Corporate Governance Code. The chair referred to the section on the annual report website or in the annual report on pages 33 to 35. The disclosure in this section related to the Code as updated by the Corporate Governance Monitoring Committee in December 2016.

Insofar as applicable, the company complied with all best practice provisions of the Code except for best practice provision 3.1.2. (vii) (‘Remuneration policy’). The best practice provisions of Principle 4.4 (‘Depositary receipts for shares’) and Principle 5 (‘One-tier board structure’) did not apply to the company. A complete list of all the best practice provisions was available on the corporate website. There had been no changes with respect to the takeover directive since the previous year.

There were no questions.

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

There were no questions or comments on this agenda item, the Chairman submitted it to the vote.

The chair established that there were no votes against this agenda item or abstentions. Therefore, the resolution to grant discharge to the Management Board from liability in respect of their management was adopted unanimously.

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

Mr Bongers issued an explanation of vote on this agenda item on behalf of Teslin and Beleggings- en Exploitatiemaatschappij 'de Engh' B.V. In this explanation, he set out a chronological order and substantiation of his view on the developments of Beter Bed Holding from 2015 to the present day, holding the Supervisory Board partly responsible for the disappointing results and the evaporation of 75% of the market capitalisation due to a lack of supervision. Partly in connection with the refusal to change the agenda item to a discharge for individual members and the fact that, apart from the chair, all the members of the Supervisory Board were new, Teslin would abstain from voting on the discharge from liability for the full Supervisory Board. He said that he had confidence in the new Management Board and the composition of the new Supervisory Board and wished them every success in the transition process. A special word of thanks went to the chair, who was stepping down today. He emphasised that, apart from his critical comment, the company had also seen good years under his chairmanship and had developed well. He was extremely sorry about this departure for Mr Goeminne.

The full text of the explanation of vote is included in the minutes as appendix 2.

Mr Goeminne responded to the explanation of vote and stated that he disagreed with the events and responsibilities outlined by Mr Bongers, on which conclusions were being drawn in arrears. In his view, the causes stated had been broader. The Supervisory Board had taken decisions on them at the time which it would not have taken in hindsight. He deeply regretted the current situation of the company. He was glad that the Management Board was taking its full responsibility to remedy the problems in Germany by measures intended to lead to improvement and success and called on the shareholders to provide their full support to the Management Board on this. Although Mr Goeminne's opinion on this was different, he understood the reasoning expressed in the explanation of vote.

The chair submitted this agenda item to the vote.

There were no votes against. Teslin and the Beleggings- en Exploitatiemaatschappij 'de Engh' B.V. abstained from voting with a total of 3,195,292 shares. Mr F. van Overbeeke with 600 shares and Messrs F. and P. Schuurbiers with respectively 1,500 and 3,000 shares likewise abstained. On the basis of total abstentions of 3,200,392 shares from voting, discharge was granted to the Supervisory Board from liability in respect of their supervision.

8. Proposal to appoint Ms G.E.A. Reijnen as a Supervisory Director

Under the provisions of article 25 of the Articles of Association of Beter Bed Holding N.V., the Supervisory Board nominated Ms Gabriëlle Reijnen for appointment for a term commencing on 25 April 2019 and ending on conclusion of the first Annual General Meeting to be held after her four-year term has elapsed. With 25 years of experience in the area of financing, corporate finance, advising on mergers & acquisitions, debt & equity capital markets, risk management, cash management, corporate governance and compliance, Ms Reijnen was considered to be a financial expert with the proper competencies to become a member of the Supervisory Board and to take on the role of chair of the Audit Committee.

Owing to her absence, a video was shown in which Ms Reijnen introduced herself and explained her reasons for opting for a position as Supervisory Director at Beter Bed Holding. Ms Reijnen had Dutch nationality and held no shares in Beter Bed Holding. A Contract of Engagement had been concluded in line with the remuneration that had been applicable since 19 May 2015. The Works Council had been given the opportunity to determine its position with reference to this proposed appointment in good time prior to the date of the convening notice.

The chair submitted this agenda item to the vote.

The chair established that there were no votes against and no abstentions. Therefore Ms G.E.A. Reijnen was unanimously appointed as a Supervisory Director. The appointment of Ms Reijnen and the new duties and responsibilities of the Supervisory Board would be announced in a press release after the close of the stock exchange.

9. Reappointment of the external auditor

Mr P. Boone, acting chair of the Audit Committee, took the floor. The Supervisory Board proposed, based in part on the recommendation of the Management Board and the Audit Committee, to reappoint PwC to the post of external auditor to conduct the audit of the 2019 financial statements. The audit would be performed under the responsibility of Mr W.C. van Rooij, partner at PwC Rotterdam.

Mr G. Dekker from Utrecht asked, referring to page 90 of the annual report, whether the auditor that had performed the procedures in Austria and Germany had been part of PwC?
Mr Van den Ochtend confirmed this.

The reappointment of the external auditor was put to the vote.

There were no votes against or abstentions, PwC was unanimously reappointed for the audit of the financial statements for 2019.

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

This was an annually recurring agenda item. Based on Article 10 of the Articles of Association, the Supervisory Board and the Management Board were requesting authorisation to issue new shares or grant rights to acquire shares in an amount not exceeding 10% of the share capital outstanding at the time of the meeting. This authorisation, which was subject to the approval of the Supervisory Board, was requested for a period of 16 months from the date of this Annual General Meeting. If this authorisation was granted, the current authorisation would no longer be exercised.

There were no questions. The agenda item was put to the vote.

There were no votes against or abstentions. The chair established that this agenda item was passed by unanimous vote.

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

In connection with the previous agenda item, the meeting was requested to grant authorisation for the limitation or exclusion of preferential rights as formulated in Article 11 of the Articles of Association. This authorisation, which under the Articles of Association was subject to the approval of the Supervisory Board, was requested for a period of 16 months from the date of this Annual General Meeting. If this authorisation was granted, the current authorisation would no longer be exercised.

There were no further questions.

In the vote, the chair established that there were no votes against or abstentions, and the agenda item was accordingly passed by unanimous vote.

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

This was also an annually recurring agenda item. The meeting was requested to grant the Management Board authorisation on the basis of Article 13 of the Articles of Association to repurchase shares in the company's own capital in an amount not exceeding 10% of the number of shares outstanding. The purchase price was not permitted to exceed the average closing price of the five stock exchange days preceding the date of the repurchase by more than 10%. Implementation would depend in part on the company's financial performance. This authorisation was requested for a period of 16 months from the date of this Annual General Meeting. If this authorisation was granted, the current authorisation would no longer be exercised.

Mr G. Dekker from Utrecht was assuming that upon approval of this agenda item, the utmost prudence would be observed in actually exercising this right and that the authorisation would not be used for purchases for exercising options.

The chair thanked Mr Dekker for this observation.

This agenda item was put to the vote.

There were no votes against or abstentions. The chair established that the Management Board had been unanimously authorised to acquire/repurchase shares in the company's own capital.

13. Cancellation of acquired shares

The Management Board, with the approval of the Supervisory Board, proposed that authorisation be granted for the reduction of the issued capital, as provided for in Article 15 of the Articles of Association, by the cancellation of the company's shares acquired pursuant to the authorisation granted under item 12 of the agenda. The Management Board would determine the number of shares to be cancelled pursuant to this authorisation, with a maximum of 10% of the number of outstanding shares equal to the maximum under item 12 of the agenda. The cancellation of shares could be effected in one or more tranches. The cancellation of shares would occur on the dates determined by the Management Board and subject to the mandatory two-month opposition period.

There were no questions.

When put to the vote, there were no votes against or abstentions and therefore this agenda item had been passed by unanimous vote.

14. Announcements

The chair officially handed over the chair's duties to Mr B. Karis and wished him every success. Mr Kruijssen addressed some parting words to Mr Goeminne. Although Mr Goeminne was stepping down at a time when the company was going through a difficult period, Mr Kruijssen expressed his appreciation for his commitment, his incisive vision and critical questioning, his outstanding competence as chair and above all his approachability. Mr Kruijssen was grateful to Mr Goeminne who had provided leadership for the Supervisory Board of Beter Bed Holding since May 2010 with great commitment, loyalty and inspiration and therefore for the company and for the Management Board. He wished Mr Goeminne every success, happiness and health for the future and presented him with flowers, which was followed by applause.

Mr Karis continued with the meeting.

15. Any other business

Mr M. Kers, representing the VEB and the customers that he represented on behalf of Rabobank and ABN AMRO Bank, asked whether a possible increase in capital had also been discussed in the consultations with major shareholders?

Mr Goeminne answered that there had been regular contact with major shareholders. No specific talks about increasing the capital had taken place in that connection.

There were no further questions.

16. Closing

The chair thanked those in attendance for their presence and contributions and hoped to welcome them again next year. The meeting closed with applause.

List of resolutions

- Adoption of the review of the granting of rights to shares in Beter Bed Holding N.V. for Mr J. Kruijssen.
- Adoption of the financial statements for the 2018 financial year 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.
- Appointment of Ms G.E.A. Reijnen as Supervisory Director.
- Reappointment of PwC as external auditor under the responsibility of Mr W.C. van Rooij RA (partner).
- 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.
- Resolution to cancel acquired shares pursuant to the authorisation granted under agenda item 12.

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Mr D.R. Goeminne, chair	Ms G. de Jong-Ruijs, secretary

Appendix 1

Statement by Mr J.J. Bongers on behalf of Teslin and Beleggings- en Exploitatiemaatschappij 'de Engh' B.V. relating to agenda item 4c

Dear Supervisory Board,

My name is Jan-Jaap Bongers of Teslin Capital Management. Teslin currently holds an interest of approx. 14% of the share capital of Beter Bed Holding. Teslin has been a shareholder since 2003.

Remuneration policy (Agenda item 4c)

- We would like a remuneration structure that, all things considered, optimally serves the interests of the company.
- Ultimately, this is a matter of finding an appropriate balance between an attractive remuneration package, which enables the company to attract and retain top talent for the long term, and a level and structure of remuneration that is socially acceptable.
- To that end, account needs to be taken of the specific features of the company, such as the industry in which it operates and the size and complexity of the company.
- In the specific case of Beter Bed, we believe that the review of the option scheme for the CEO is the right decision.
- The restructuring and repositioning to put the company on the road to recovery requires a huge effort in time and commitment from the CEO.
- The review of his package does justice to the long-term incentive desired by us and provides a good alignment between the management and the shareholders, thus increasing the chance of sustainable long-term value creation.
- In addition, in our view it is a positive signal that Mr Kruijssen has committed himself, subject to approval by the AGM, additionally to invest € 50,000 of his own money to acquire an additional options package.
- We see this as strong sign of confidence. Mr Kruijssen is hereby signalling that he has confidence in the development and the value creation of Beter Bed Holding in the long term.
- We therefore vote in favour of this agenda item.

Appendix 2

<u>Explanation of vote by Mr J.J. Bongers on behalf of Teslin and Beleggings- en Exploitatiemaatschappij 'de Engh' B.V. relating to agenda item 7b</u>

Chairman, we wish to issue an explanation of vote with regard to this item. The past two years, and in particular the year 2018, have been very turbulent years for the company. We want to consider briefly what occurred at Beter Bed Holding, share our views and conclusions on this with you and decide our position with regard to the present voting item.

What happened in the past few years?

- Until the end of 2015, Beter Bed Holding's financial performance was good. The company was robust with a strong balance sheet and successfully repositioned the Beter Bed format into a value-for-money proposition.
- Until the end of the third quarter 2015, Beter Bed Holding also performed well in its largest sales market Germany, but as from the fourth quarter in that year, like-for-like sales – sales on the same store basis – started to come under pressure. The company was faced with strong, growing competition, both offline and online, resulting in increasing price pressure. In addition, the company was taken by surprise by the rapidly growing sales of box springs.
- Due to the relative success in the Netherlands with the Beter Bed format, the Dutch holding company management decided to roll out the Dutch format, including the box spring product range, to Matratzen Concord in Germany.
- This repositioning was initiated and driven ahead despite objections from the local German management team. Partly as a result of this, almost the entire German management team had left the company, assisted or otherwise, within a short period. During this period, substantial investments were made to achieve the repositioning, causing costs in Germany to rise strongly.
- In the summer of 2017, the then chair of the Management Board announced that he would be leaving the company. Pending the appointment of a new member of the Management Board, the CEO duties would be temporarily taken on by the CFO. There was no reason for concern, however. The strategy was in place and the company would soon start to recover.
- However, the announced turnaround failed to materialise in the second half of 2017.
- A scandal involving toxic materials in mattresses caused by BASF that was revealed at the end of 2017 was adduced by the management of Beter Bed Holding as the main reason for the disappointing results. It now appeared that this did have some but by no means a decisive impact on sales in Germany.
- The conclusion cannot be avoided that this 'forced' repositioning in Germany has had a disastrous impact on the results of Matratzen Concord. Visitors stayed away, despite expensive marketing campaigns, and the company recorded a persistent like-for-like sales decrease.
- It was only at last year's AGM that we heard something different from the company for the first time. It was clear from the presentation of the then newly appointed CEO, John Kruijssen, that the repositioning in Germany was not successful.

How do we look back on this?

- The Supervisory Board approved a transformational strategy change for Germany without sufficiently validating it in advance.
- In the past year, we talked ever more urgently with the then management and the Supervisory Board about the negative developments at Matratzen Concord.
- Both the management and the Supervisory Board had, until the day of the Annual General Meeting of Shareholders in 2018, given the impression that the first results of the repositioning initiated were encouraging and that they fully supported the new strategy and the measures taken.

- At the Annual General Meeting of Shareholders we heard something completely different for the first time and learned that, by contrast to previous communications, the strategy proved to be unsuccessful.
- We were greatly dismayed when Beter Bed Holding issued a serious warning concerning sales a day later.
- We hold the Supervisory Board partly responsible for the dramatic year for the company and shareholders in which approx. 75% of the market capitalisation evaporated.
- It is precisely when the company is facing major decisions or enters into a difficult phase that the Supervisory Board should step up to take on its responsibility, intensify its supervision and, if necessary, intervene in the interest of all stakeholders.
- Looking back, in our opinion this took place too little and too late.
- However, after it had become clear – partly on the instigation of the new Management Board – in what kind of difficult situation Beter Bed Holding had come to be, the Supervisory Board – as we can also read in the report of the Supervisory Board – demonstrated robust involvement to remedy this.
- When it became clear how bad Beter Bed Holding's situation was, we asked for the Supervisory Board to be strengthened. We welcome the fact that the departing members were prepared to make way for new Supervisory Directors, with relevant experience and expertise to help the Management Board to achieve the required turnaround.

About the voting item:

- We contacted you in the lead-up to this AGM on the item concerning the discharge of the Supervisory Board from liability.
- In our opinion, and support can be found for this in the law, the voting item concerning discharge relates to each individual member of the Supervisory Board, not to the Supervisory Board as a whole.
- That is not changed by the fact that it has become customary at many companies over the years to discharge the entire Supervisory Board from liability.
- You did not change the agenda with regard to this item and therefore the discharge of the full Supervisory Board from liability was now being considered.
- Of the Supervisory Board that we hold responsible for the supervision exercised in 2018, one member, yourself, is still in office, as chair.
- We see little sense in discharging or not discharging your new fellow Supervisory Directors from liability for the supervision exercised in 2018. They cannot be held responsible for the developments just described at Beter Bed.
- We have been able to discuss with you personally in the past period whether your Board had adequately exercised supervision and we are grateful to you that you made yourself available for this.
- We continue to disagree on the cardinal question whether the Supervisory Board was or was not deficient in its supervisory role at Beter Bed Holding.
- All things considered, we have reached the conclusion that we have no alternative but to abstain with regard to this voting item.
- In conclusion, we wish to state unmistakably that we have confidence in the new team, comprising the new Supervisory Board and the Management Board.
- There is still an extreme amount of work to be done to turn the tide in Germany, as the results for the first quarter of 2019 unfortunately confirm once more.
- We believe that this new team has the right mix of drive, experience and competencies to achieve this.
- We realise that a great responsibility is borne by this team and that a great deal of time and commitment will be required to start a recovery.
- We hope the company will have the required time and we hope you will be hugely successful in doing so.
- Lastly, we wish to say a few words especially to you, Mr Goeminne, because today we will say farewell to you as Supervisory Director, a role you have filled since 2010.
- Under your leadership, Beter Bed Holding has also known good years and had developed well.
- We believe you would have liked to remain at the helm to lead Beter Bed Holding out of this storm and you would have done so with great commitment. [As you just said]. We wish to thank you for your contribution and commitment and regret, as no doubt you do too, that we have to part ways in this manner.
- Thank you.