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

Held on Tuesday, 26 November 2019 at 2.00 p.m. in the Rosarium, Amstelpark 1, Europaboulevard Amsterdam.

Present on behalf of Beter Bed Holding N.V.

Supervisory Board:	Mr B.E. Karis (Chair) Mr P.C. Boone Mrs G.E. A. Reijnen
Management Board:	Mr A.J.G.P.M. Kruijssen (CEO) Mr H.G. van den Ochtend (CFO)

Absent with notification

Supervisory Board:	Mr A.H.G. Beyens Mr H.C.M. Vermeulen

1. Opening

The Chair opened the meeting and welcomed the shareholders in attendance. Of the total of 21,955,562 shares outstanding, 7,810,413 shares carrying voting rights (35.57%) were represented at this meeting by shareholders or proxies. This number enabled legally valid resolutions to be adopted.

The Chair Mr B. Karis, Mrs G. Reijnen and Mr P. Boone were present on behalf of the Supervisory Board. Mr A. Beyens and Mr H. Vermeulen were unable to attend due to other commitments. Despite their absence, the full Supervisory Board had approved the resolutions to be adopted concerning the divestment of Matratzen Concord (MC). The Chair also welcomed Mr J. Kruijssen and Mr H. van den Ochtend on behalf of the Management Board of Beter Bed Holding N.V. (BBH), Mrs G. Melsen, Mr A. van Oord and Mr E. Noordhoek on behalf 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.

Mrs G. de Jong was appointed as secretary of the meeting and took the minutes of the meeting. In accordance with the rules of the Corporate Governance Code (article IV.3.10), these would be posted on the corporate website within three months after the close of this meeting. Mrs B. van Loon acted as counting assistant.

An audio recording was made of the meeting.

The matter to be discussed was the divestment of MC (see item 2 of the agenda), in which the shareholders were requested to vote on the approval of the divestment of MC, consisting of Matratzen Concord GmbH, Matratzen Concord GesmbH, Matratzen Concord AG, BBH Services GmbH & Co. KG and BBH Beteiligungs GmbH, including the authorisation of the Management Board to issue 2,150,000 new shares and the authorisation to limit or exclude preferential rights for the issue of those shares for a period of 18 months.

The Chair gave an explanation, in chronological order, concerning the reporting on the (proposed) divestment of MC.

2. Divestment of Matratzen Concord

The Chair gave the floor to Mr Kruijssen, who held a presentation on the process prior to reaching agreement with Magical Honour Limited (MHL), and on the rationale for and the contents of the agreement.

Before Mr Kruijssen started his presentation, he underlined that he shared the feeling that, on the one hand, Beter Bed Holding N.V. was sad to have to take leave of an organisation that had been part of the Group since 1998, and that, on the other hand, he was pleased to be able to announce that a purchaser had been found that provided financial security for BBH and with which the continuity of MC was safeguarded. This was also very important for all employees of MC.

For the rationale for the transaction, Mr Kruijssen went back to 2015, when MC was still recording a profit, but the first signs of deterioration became visible and sales came under pressure.

In the next few years, BBH and MC insufficiently anticipated the changing market, which was increasingly dominated by the sale of box springs, the internet, the introduction of the one-size-fits-all mattress and other large players, and in which MC continually experienced difficult conditions. In addition, the BASF situation adversely impacted MC's sales performance, and the organisation continued to be affected by this at present.

In 2018, BBH had launched a new strategy, as part of which measures such as restructuring MC and largely replacing the management team had been carried out. Early in 2019, a significant number of initiatives had also been implemented that were certainly effective, however, the results did not materialise quickly enough and were not substantial enough to put an end to the loss-making situation. It therefore became clear that the path to recovery would be too slow, as a result of which the financial toll this took on the organisation would become too great. Pressure on liquidity rose to a high level and BBH was in constructive talks with its banks to address this and to create a stable financial platform for the short term. On 24 June 2019, the Management Board and the Supervisory Board resolved to investigate the possibility of divesting MC.

The divestment of MC would enable the company to concentrate fully on the remaining businesses again, with the focus for the remaining Group being on the core activities of Beter Bed in the Benelux, which was well positioned to accelerate the current, strong growth with investments in new products, campaigns, technology and the expertise of the employees. In addition, the Management Board aimed to focus further on stimulating the digital and wholesale channels, where the present growth rates were higher than had initially been expected, and the activities in Sweden.

Supported by Axeco and De Brauw Blackstone Westbroek, a tightly managed process had taken place in which 24 interested parties had been examined. After drawing up a shortlist of serious candidates, MHL had been eventually selected. The view of the Management Board and the Supervisory Board was that, using its expertise and resources to continue the restructuring of MC and considering the interests of the customers, employees, suppliers and other stakeholders of MC, MHL was the best party to convert MC into a financial healthy business. Further, the Management Board believed that, given the financial terms agreed and the strategic partnership as major shareholder, the divestment to MHL would benefit all stakeholders of the company (slide 4).

MHL is an Asian private equity company with strong ties in the bedding industry and a strong track record of ownership, transformation and realisation of investment returns. MHL's knowledge of the bedding industry provided a good starting point for business advantages that could lead to better transactions for BBH as a Group. Over the past few months, BBH and MHL had got to know each other well, as part of which, besides the substantive agreements, the certainty of complying with agreements had also been examined. As part of the agreement, BBH guaranteed that it would not disclose the ties that MHL had with the industry and not provide additional information on MHL. To transform MC, MHL would use its strong, industrial expertise in the fields of retail, production and innovation to stimulate sourcing synergies, to achieve rapid implementation of both product and technology innovations and to capitalise on vertical industry integration opportunities. Accordingly, BBH was comfortable in presenting MHL as a potential purchaser to the shareholders (slide 5).

The key terms for the agreement with MHL were the following:

- MHL would pay € 5 million for the shares of MC, which consisted of the five entities Matratzen Concord GmbH, Matratzen Concord GesmbH, Matratzen Concord AG, BBH Services GmbH & Co. KG and BBH Beteiligungs GmbH. The divestment would take place on a cash & debt free basis, meaning that settlements would still take place after the transaction; the Management Board did not expect this to have a negative effect on the purchase price.
- Because agreements had been made on how MC would be managed, what actions would be taken and how MHL, with its ties with the bedding industry, could accelerate the recovery of MC, an earn-out obligation had been agreed after one year of between € 0 and a maximum of € 7.5 million that, if applicable, would be paid at the start of 2021.
- MHL would commit to invest at least € 15 million in MC upon the acquisition and to agree additional payment terms with suppliers (supplier finance agreements) to guarantee the recovery of the business and future growth.
- As guarantees would be taken over by MHL, BBH would be released from those obligations.
- An indemnification would be issued for liability in case insolvency occurred within a period of 18 months after the transfer.
- Together with the current management team of MC, a restructuring policy would be formulated by MHL for which BBH had given its approval.
- In the agreement, guarantees had been given for tax matters, for the correctness of the financial statements and for operating in conformity with laws and regulations.
- Although there was no cause for this at the present time, a break fee of € 2 million had been agreed in case matters were broken off in an unauthorised manner (slide 6).

The agreement of BBH with MHL consisted of the following components and in the following order:

- The sale of the shares of Matratzen Concord consisting of the five aforementioned entities for an amount of € 5 million with an investment of € 15 million and the security outlined above.
- A share transaction: following completion of the divestment of MC, MHL would invest € 5 million in BBH in exchange for 2,150,000 shares at an issue price of € 2.32 per share with a premium of 36% compared with the closing price on 11 October 2019. As a consequence of this share issue, MHL would obtain around 8.9% of the shares in BBH. In order to bind MHL to BBH for the long term, it had agreed to a lock-up period of 18 months.

With the formation of this agreement, in BBH’s view further incremental advantages could be obtained for the remaining business by close cooperation in the future. In addition, as a result of these transactions, the liquidity position would improve strongly which would benefit the debt position and would be used for the benefit of the remaining business.

The divestment depended in part on a regulatory approval in Germany, which had since been given, as this concerned an investor outside Europe for which no anti-trust filing was required, and on limited confirmatory due diligence, which had been completed and in which no material findings had been identified. Following shareholder approval, the divestment was expected to be completed at the start of December. As MC had continued to operate as an independent entity after its acquisition in 1998, BBH did not envisage any complications in the carve-out. Further, all actions to be taken for the completion of the transaction had been initiated. The share transaction would take place soon after the completion of the divestment, but after no more than two weeks (slide 8).

Mr Kruijssen showed a concise summary of the result of BBH in 2019, consisting of *continued* and *discontinued operations*. This result was not representative for the company, partly owing to this transaction and the disproportionate advisors’ fees that had been incurred in the past year as a result of the circumstances in which BBH found itself. In the first half year, 49% of BBH’s sales consisted of *discontinued operations* with an EBITDA of -€ 10.9 million. Despite the fact that the other businesses (Benelux, Sweden and wholesale), which had been defined as *continued operations*, had been adversely affected by the corporate stress concerning liquidity and the effect of the reporting on MC, the falling share price and consumer confidence that was adversely affected as a result, these activities had performed well and better than the market. This had resulted in like-for-like growth in sales of 5.0%, growth in the online channel of around 30% and a modest EBITDA in the first half year of € 4.0 million, which was the result of investments in the New Business segment and non-recurring costs of approximately € 1 million. Mr Kruijssen expected that a new platform could be put in place in the coming year on which to continue building on a healthy basis. He emphasised that the target that had been communicated during the Capital Markets Day in 2018, to achieve growth of the EBITDA margin of 7-9% (slide 9), was still unchanged.

As the growth trend for the Benelux was continuing, growth acceleration was possible by adjusting the mix of the assortment, fine-tuning marketing policy and reducing operating expenses without wishing to abandon the strategy launched in 2018. Although it would continue to exist as a basis, a fine-tuning and tightening of the strategy would take place owing to the new corporate structure.

In the New Business segment, developments in the field of the B2B activities at DBC International were positive, while the results of the activities in Sweden were still unsatisfactory at present. At present, extensive action was being taken to adapt Sweden in a way that would enable performance to improve strongly. In 2020, the focus would be on generic cost levels due to the changes in the company, further stepping up the acceleration of the developments in the omnichannel and B2B activities, and adapting the logistics to the changing market conditions. The contents of the further plans for accelerating the business at the sales level, to enable BBH to present a healthy balance sheet again (slide 10), would be discussed at a Capital Markets Day to be organised in April 2020.

Mr Kruijssen provided an update of the sale and leaseback of the real estate (the distribution centers). The real estate in Uden had been sold and leased back for five years. Owing to the changing market conditions, Mr Kruijssen did not expect that distribution centers (DCs) in three locations would be necessary in the future. The real estate transactions were expected to generate € 18 million. Of that amount, € 2 million would be used to cover part of the costs we had incurred this year. The remaining € 16 million would be used to repay debts, as a result of which the financial situation would be improved. The sale and leaseback of the Hoogeveen and Nieuw-Vennep locations was scheduled to be completed at the end of December (slide 11).

An overview of the debt facilities and the cash position was shown. The debt facilities consisted of a € 40 million bank facility and a loan of € 7 million from a number of shareholders. After deduction of € 16 million released from the divestment of real estate, the debt facilities would total € 31 million at the end of 2019. The expected cash position at the end of the year was € 12 to € 15 million. This derived from the regular cash position (€ 2 to € 5 million), the divestment of MC (€ 5 million) and the equity issue (€ 5 million), which reflected a healthier starting position for 2020 for BBH (slide 12).

Summarising, Mr Kruijssen again stated the components of the transaction with MHL: the divestment of MC and the issuance of 2,150,000 shares. The Management Board believed that compared with all other proposals that had been examined, this transaction with this party was a good and also the best outcome for the problems BBH faced. This was the best proposal both qualitatively and financially, which at present was better for the shareholders, the employees of MC and BBH, while also offering a prospect of potential cooperation in the future within which BBH could profit from the opportunities that this party could offer. Assuming that the aforementioned transaction, the sale of the real estate and the reduction of the debt facilities would have been successfully completed in December 2019, BBH still expected to report a positive equity position at the end of 2019 (slide 13).

Mr Kruijssen closed with the recommendation on behalf of the Management Board to vote in favour of this transaction, on the basis of the presentation above and considering the future of the organisation, to enable BBH to enter a new phase with the same values and standards and a smaller group of ambitious people, on a profitable and cash-generating basis and with a better balance sheet.

Mr Kruijssen gave the floor to the Chair who gave the shareholders an opportunity to ask questions.

Mr **H. Rienks** from Nieuwerkerk aan den IJssel asked the following questions:

a. Why had the option not been chosen of issuing new shares at BBH itself for the amount of € 15 million that was required to resolve the problems at MC?
b. What were the consequences of the divestment of MC for BBH's Head Office in Uden and what restructuring costs were expected for adapting an organisation that had been virtually halved?

Mr **Van den Ochtend** replied to question a.:

a. All strategic options had been carefully considered and the proposed transaction had proved to be the best financial scenario both for the continuity of MC and the future of BBH.

The **Chair** replied to b.:

b. With regard to this question, reference was made to the Capital Markets Day that would be held next year. Mr Kruijssen added that he had stated earlier in his presentation that MC had fairly independent business operations. For that reason, the divestment of MC would have consequences for the structure and the complexity of the Head Office. However, these changes would not entail a major restructuring and the associated costs. The plans for this would be presented at the Capital Markets Day in 2020.

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

a. Had the 'Verlüstübernahmeerklärung', which had been issued by BBH with regard to MC for 2019, been included in the deal or would there be an after-effect in the form of a capital replenishment?
b. Had the fine of € 5 million that the German tax authorities had imposed with regard to intercompany financing been paid?
c. What would be done with the tax losses for 2019 with regard to Germany?

Mr **Van den Ochtend** replied to the questions:

a. BBH and MC had signed a P&L agreement. BBH continued to be responsible until the completion of the agreement. According to Mr Kruijssen, this was expected to be signed in December. Thereafter, MHL would take over this responsibility.
b. There had been an additional tax assessment in Germany that had been settled in 2019 in full.
c. There was not thought to be any possibility of bringing back tax losses to the Netherlands. These would remain in MC.

Mr **A. Jorna,** representing the VEB (Dutch Investors' Association) and the shareholders that had authorised the VEB, considered that the choice that was being presented to the shareholders felt like a gun being put to their head for the small investors. The predecessors of the present Management Board had managed to reduce a business of € 500 million to € 50 million. Although in his opinion the present Management Board was not to be blamed, he considered this development to be alarming. Against that background, the proposed transaction did not feel like a choice and no longer offered a view of the profit potential. Mr Jorna had the following questions:

a. Why had the Management Board not included Sweden, which was not profitable either, in the divestment?
b. What would it mean for the purchase prices if sales were halved? Would this not have a repercussion on EBITDA in the future?
c. In addition to the share transaction with MHL, which would result in a dilution that the small shareholders would have to accept, BBH had also entered into a loan of € 7 million with three major shareholders at an interest rate of 30% to be paid in shares. How would repayment take place, as soon as the amounts were available from the deal and the divestment of real estate, and if early repayments were made, was it possible to avoid the 30% interest? There were sufficient funds, via the transactions of the deal and the sale of the logistics center, to repay the loan of € 7 million: was that the first repayment that would be made or would the bank debts be reduced first?

Mr **Kruijssen** replied to the questions:

a. Owing to the time pressure and complexity, Sweden did not fit the deal. In addition, the Nordics were seen as an area with potential. Partly for that reason, it had been decided to tackle the problems in Sweden to allow further expansion in Scandinavia.
b. A start had been made on streamlining and consolidating the purchasing processes only a year ago. Due to the changing process, no further synchronisation had taken place. Therefore no major changes on the basis of purchase prices were expected, as this had already been a completely separate process. The Netherlands was the largest buyer for the number of suppliers that would in fact be affected, and therefore the risk would be minimal.
c. Mr Kruijssen stated first and foremost that he was pleased that there were shareholders who were prepared to act when asked by the management. He concurred that 30% was a hefty percentage, but that this had after all related to an urgent situation. There was no possibility for early repayment without the permission of the banks and BBH was obliged to pay 30% interest on the entire amount of € 7 million over a period of one year. There was however the possibility of entering into talks with the shareholders on how repayment would take place. This would be discussed in more detail in January.

Mr **C.J. Bogerd** from Weesp:

a. Did this mean that if the shareholders approved, there was nothing that would obstruct the deal?
b. Could the amount of the diluted share capital be stated on the basis of the issue of shares after the transaction?

In response to question a., **the Chair** confirmed that if the shareholders approved, there was nothing that would obstruct the deal.

Mr **Van den Ochtend** replied to question b.: following the share issue, the share capital would consist of the 21,955,562 shares plus the 2,150,000 new shares to be issued. In response to Mr Bogerd's question concerning the share element in the loan from the shareholders, Mr Van den Ochtend replied that this would be settled in accordance with the explanation given by Mr Kruijssen on the previous question in the summer of 2020 and depending on the share price at that time. Interest of 30% would have to be paid on the full amount for a period of one year for the loan of € 7 million, this would probably be effected in shares. This would be completed next summer. Mr Van den Ochtend confirmed the formula indicated by Mr Bogerd: 30% interest divided by the share price at the time concerned.

Mr **H. Rienks** from Nieuwerkerk aan den IJssel asked the following: if the released amounts of € 18 million from the divestment of the three DCs and € 10 million from the divestment of MC and the share transaction went to the banks, to what extent would BBH have financial scope for further investments?

Mr **Van den Ochtend** replied that of the aforementioned amount of € 18 million from the three DCs, € 16 million would be paid as repayment to the banks. The € 10 million from the divestment of MC and the share issue would be used by BBH. The strategy and therefore also the investments would be explained at the Capital Markets Day to be held in the spring of 2020. Mr Van den Ochtend responded to a follow-up question from Mr Rienks that approval was being requested today for a step in the transformation with the goal of being able to continue BBH as an organisation with a healthy balance sheet and to make investing possible again in the future. The Management Board believed that this was the right step.

Mr **A. Jorna,** representing the VEB (Dutch Investors' Association) and the shareholders that had authorised the VEB, expressed the hope that the three major shareholders who had invested € 7 million in BBH were prepared to consider, partly with a view to the interests of the small investors, how the debt could be reduced, so that the shareholders were not faced with a dilution of 30% on that debt. He had the following questions:

a. What targets needed to be achieved to obtain the amount negotiated in the earn-out agreement of at most € 7.5 million?
b. What additional synergy benefit did BBH have with the agreement with MHL in terms of preferred supplier for the M line mattresses?

Mr **Kruijssen** replied to the questions:

a. An EBITDA target had been agreed as a basis for settlement. Mr Kruijssen expressed the expectation that BBH would be able, with the potential purchaser of MC, to generate a domino effect for the remaining business. These matters had not yet been discussed, in order to present the deal as cleanly as possible to the shareholders. The Management Board had however specifically considered what MHL could contribute to BBH.
b. M line mattresses were products that were also sold by MC. We were the owner of M line and that would not change. DBC International had entered into an agreement with MHL to continue to sell the M line products via MC. The possibility that DBC transferred whole or part of the production of M line to a party such as MHL was theoretical and had not been discussed. In principle, all forms of cooperation with MHL were open to BBH.

The Chair proceeded to the vote on the agenda item that consisted of the proposal to (i) approve the divestment of the five entities that together formed MC in Germany, Austria and Switzerland, (ii) the authorisation to issue 2,150,000 new shares for a period of 18 months and (iii) the authorisation to limit or exclude preferential rights in relation to the issue of these 2,150,000 new shares for a period of 18 months.

Voting would be by acclamation. The Chair put the proposal to the vote. The Chair established that there were no votes against and no abstentions. The Chair established that the proposal had been passed. The result of the vote would be published on the company's corporate website.

3. Announcements

The Chair announced that a press release would be published after the meeting stating the resolution that had been passed. BBH's financial calendar was shown, containing the dates for the publication of the Q4 trading update (17 January 2020), the announcement of the full-year results for the 2019 financial year (17 March 2020), the General Meeting of Shareholders (13 May 2020) and a Capital Markets Day to be held that was scheduled for the spring of 2020. At that meeting, the Management Board of BBH would provide further information on its vision for the future.

4. Any other business

The Chair gave the shareholders an opportunity to ask questions.

Mr **A. Jorna,** representing the VEB (Dutch Investors' Association) and the shareholders that had authorised the VEB, had talked before the meeting with Mr Van den Ochtend about the BASF claim and had asked whether this had been included in the agreement with MHL. He requested that the reply be included in the minutes.

Mr **Van den Ochtend** had explained that the claim under German law had no value whatsoever, because there was nothing to claim from BASF in that context. This was separate from the agreement. Under Dutch law, BBH had however submitted a legal claim to BASF, which had not been settled yet.

5. Closing

The Chair thanked all shareholders in attendance for their attention and constructive contribution to the meeting. The Chair stated that he was aware that this had been a turbulent year. With the decision in favour of selling MC, he hoped to be able to close this period so as to focus in the years ahead on sustainable growth of the 'wonderful' company Beter Bed. He looked forward to welcoming the shareholders at the Annual General Meeting on 13 May 2020.

List of resolutions

- Approval of the divestment of Matratzen Concord to Magical Honour Limited consisting of:
  - the divestment of the entities Matratzen Concord GmbH, Matratzen Concord GesmbH, Matratzen Concord AG, BBH Services GmbH & Co. KG and BBH Beteiligungs GmbH;
  - the authorisation of the Management Board to issue, following approval by the Supervisory Board, up to 2,150,000 shares in the capital of the Company for a period of 18 months;
  - the authorisation of the Management Board to limit or exclude, following approval by the Supervisory Board, preferential rights in relation to the issuance of the aforementioned shares for a period of 18 months.

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Mr B.E. Karis,
Chair

Mrs G. de Jong-Ruijs,
Secretary