Beter Bed Holding

HARD AT WORK ON A GOOD NIGHT'S REST

ANNUAL REPORT 2015

PROFILE

Beter Bed Holding is a European retail organisation that strives to offer its customers a comfortable and healthy night's rest every night at an affordable price. The company does this via stores and its own webshops through the formulas:

- Matratzen Concord, located in Germany, Switzerland and Austria.
- Beter Bed, located in the Netherlands and Belgium.
- Beddenreus, located in the Netherlands.
- El Gigante del Colchón, located in Spain.
- Literie Concorde, located in France.

The retail formulas ensure products of good quality, offer better advice to customers than their competitors and always offer the best possible deal. Beter Bed Holding is also active as a wholesaler of branded products in the bedroom furnishing sector via its subsidiary DBC International. The international brand M Line is sold in the Netherlands, Germany, Belgium, Austria, Switzerland, Spain and France.

In 2015, the company achieved net revenue of € 385.4 million with a total of 1,159 stores. 70.1% of this figure was realised outside the Netherlands.

Beter Bed Holding N.V. has been listed on the Euronext Amsterdam since December 1996 and its shares (BBED NL0000339703) have been included in the AScX Index.

For more information please visit www.beterbedholding.com.

A Dutch language version of this annual report is also available on www.beterbedholding.nl. In case of textual contradictions between the Dutch and the English version the first shall prevail.

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ABOUT US

INTRODUCTION

Dear reader,

Beter Bed Holding succeeded in continuing the positive trend of 2014 in 2015. There was strong growth in revenue, margins and operating profit.

Investments in the Beter Bed formula (marketing, e-commerce and stores) in the Benelux paid off with like-for-like growth of 11.6% in 2015. The company also reaped rewards from the new visual identity and advertising campaign at formulas including Matratzen Concord. Revenue rose in all countries in the first six months of 2015 due to a pick-up in demand stemming from increasing consumer confidence and a greater propensity to buy. In the Netherlands, both the recovering housing market and low interest rates contributed to this development. Like-for-like growth in revenue in the German-speaking countries came under some pressure due to the challenging comparative basis. Revenue nonetheless remained at a high level.

The company ultimately succeeded in achieving 5.9% growth in revenue and a 5.4% increase in the like-for-like order intake in 2015.

It was possible to combine growth in revenue with the realisation of higher margins. In addition to the improvement in the purchasing conditions, this is attributable to an improved range, better mix and product innovations, as well as price increases wherever possible. The structural approach to improving margins in combination with reducing working capital will be continued unabated.

The development of expenses remained under control and any increases in expenses were aimed at further strengthening our commercial propositions in the various markets. Customer satisfaction and e-commerce remained our key focus in this respect.

Matratzen Concord Germany succeeded in substantially improving its revenue, particularly in the first six months of the year. This improvement was supported by the new advertising campaigns and boosted by the increased propensity to buy that was already evident in 2014. Like-for-like came under some pressure in the second half of the year, primarily owing to the challenging comparative basis from 2014. A similar picture emerged in Austria. The acquisition of BettenMax caused the number of stores in Austria to grow by 18 stores located in retail parks. Switzerland felt the consequences of the unexpected change in the Swiss franc exchange rate, which negatively impacted the propensity to buy and consequently also revenue. The tide was turned in late 2015 as a result of new management and adjustments to the formulas.

Beter Bed Benelux had an excellent year in 2015. The combination of a thoroughly renewed range within a contemporary store environment backed by outstanding service, recovered consumer confidence and a recovering housing market led to a substantial increase in revenue. Customer satisfaction increased considerably, which is reflected in a higher Net Promotor Score. Renewal characterised the year under review for Beddenreus as well. The look and feel of the stores, advertising and range all underwent a far-reaching transformation. The positive results of this became clear in the second half of the year.

In Spain, El Gigante del Colchón achieved higher revenue due in part to cautious expansion. The pilots with two stores in France, where the company operates under the name 'Literie Concorde', were successful. A decision regarding a potential further roll-out of this new formula will be made in the second quarter of 2016.

The outlook for 2016 is positive. The economic outlook and the development of the housing market (at low mortgage interest rates) continue to appear to be favourable, despite a number of uncertainties. Building on the results of the measures put in place in the past few years, steps will be taken to continue like-for-like growth and to ensure that the formulas remain contemporary. To achieve this, a new strategic plan was formulated in 2015 for the period 2016-2020, named *'From good to great'*. The primary focus in that plan will be on innovation and maximum customer satisfaction in an omnichannel environment. Expansion will also be a priority, in order to further strengthen the position of our formulas in the various countries.

We are pleased with the results achieved in 2015. We are not only happy with the realised revenue and operating profits, but also expressly with the accomplishments achieved by our colleagues through their tremendous dedication and passion in various fields. The logistics and back office departments within all the formulas have put a huge amount of work into ensuring our customers receive the best possible service.

We realise that our success would be inconceivable without the outstanding commitment of our colleagues. We would like to once again thank them sincerely and wholeheartedly for this.

Yours sincerely,

Ton Anbeek,
Chief Executive Officer

Uden, The Netherlands, 10 March 2016

Starting this year, Beter Bed Holding will introduce an eco-version of this annual report on its annual report website.

ORGANIGRAM

Beter Bed Holding

HARD AT WORK ON A GOOD NIGHT'S REST

Matratzen Concord
Germany
Austria
Switzerland

Beter Bed
The Netherlands
Belgium

El Gigante del Colchón
Spain

Beddenreus
The Netherlands

DBC International
The Netherlands
Germany
Belgium
Austria
Switzerland
Spain
France

Literie Concorde
France

FACTS AND FIGURES

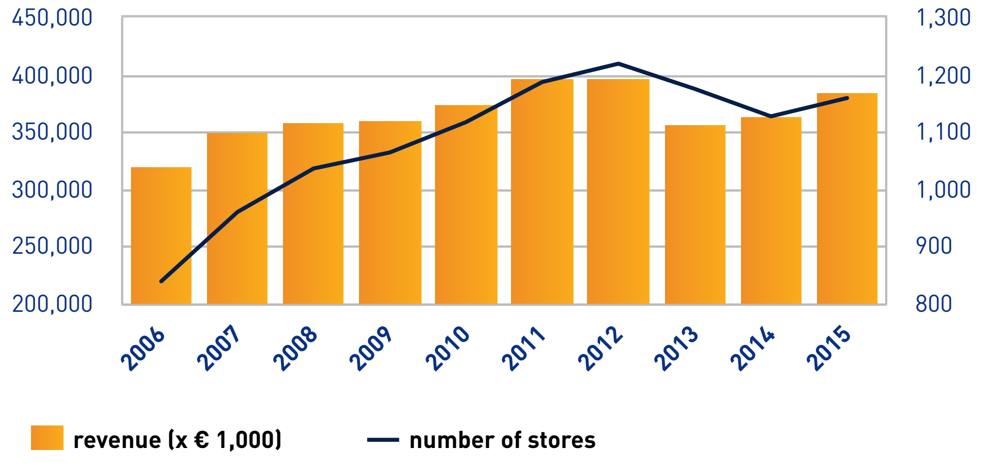
2015 in brief

The year 2015 was characterised by:

- Continuing economic recovery in the Netherlands.
- Propensity to buy in Germany remains high.
- Expansion in virtually all countries.
- Acquisition of BettenMax in Austria.
- Expansion of pilot in France.
- Completion of refurbishments at Beter Bed.
- Increased customer satisfaction.
- More prominent role for e-commerce.

- 5.9% increase in revenue (like-for-like 5.4%).
- Margin improves by 40 basis points
- 33.2% increase in operating profit.
- € 22.6 million net profit.
- € 1.03 earnings per share (2014: € 0.77).
- € 0.87 dividend per share (2014: € 0.65).
- 95 store openings and 63 store closures, equalling an increase of 32 stores on balance. The group had 1,159 stores at year-end 2015.

Revenue and number of stores



Key figures

at 31 December in thousand €, unless otherwise stated	2015		2014	
Revenue	**385,440**		363,953	
Gross profit	**222,215**	**57.7%**	208,653	57.3%
Total operating expenses	**191,516**	**49.7%**	185,611	51.0%
EBITDA[1]	**41,115**	**10.7%**	31,284	8.6%
Operating profit (EBIT)	**30,699**	**8.0%**	23,042	6.3%
Net profit	**22,559**	**5.9%**	16,860	4.6%
Average number of outstanding shares (in 1,000)	**21,947**		21,855	
Earnings per share in €	**1.03**		0.77	
Diluted earnings per share in €	**1.02**		0.77	
Share price in € at year-end	**22.48**		17.20	
Solvency	**57.5%**		58.6%	
Interest-bearing debt/EBITDA	**-**		-	
Interest cover	**601.9**		77.1	
Number of staff at year-end (FTE)	**2,513**		2,369	
Number of retail stores at year-end	**1,159**		1,127	
Share of certified mattresses (NL / D)	**83%**		82%	
Diversity in management	**25%**	♀	22%	♀
Number of signed codes of conduct (NL /D)	**100%**		100%	
Waste recycling	**52%**		48%	
CO_2 emissions (in 1,000 kg)	**19,964**		22,224	

1 *Operating profit before depreciation, amortisation, impairment, and bookvalue disposals. Before 2015, the operating profit was not corrected for the bookvalue of disposals.*

Number of stores per formula

Formula		1 Jan. 2015	Closed	Opened	31 Dec. 2015
Matratzen Concord	Germany	846	42	45	**849**
	Austria	67	3	21	**85**
	Switzerland	53	1	6	**58**
		966	46	72	**992**
Beter Bed	The Netherlands	87	9	12	**90**
	Belgium	7	-	-	**7**
		94	9	12	**97**
El Gigante del Colchón	Spain	32	2	6	**36**
Beddenreus	The Netherlands	35	6	5	**34**
Total		1,127	63	95	**1,159**

Number of stores per country

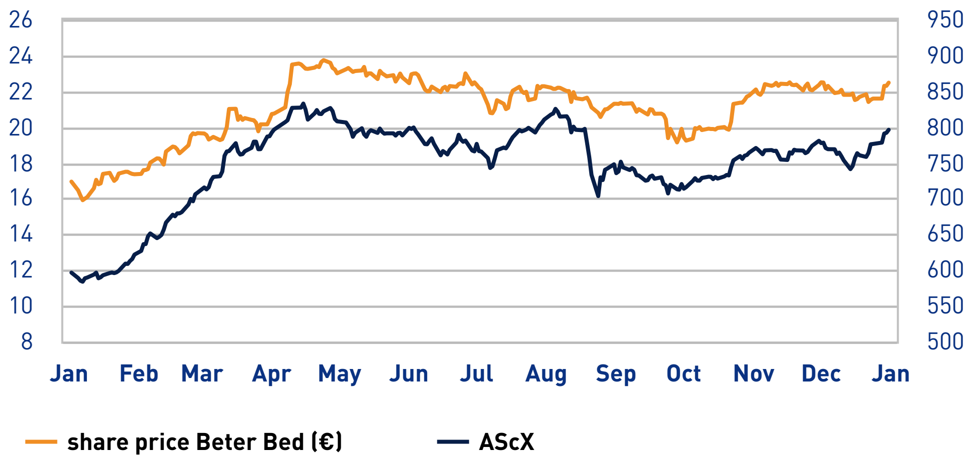
Country	1 Jan. 2015	Closed	Opened	31 Dec. 2015
Germany	846	42	45	**849**
The Netherlands	122	15	17	**124**
Spain	32	2	6	**36**
Austria	67	3	21	**85**
Switzerland	53	1	6	**58**
Belgium	7	-	-	**7**
Total	1,127	63	95	**1,159**

SHARE INFORMATION

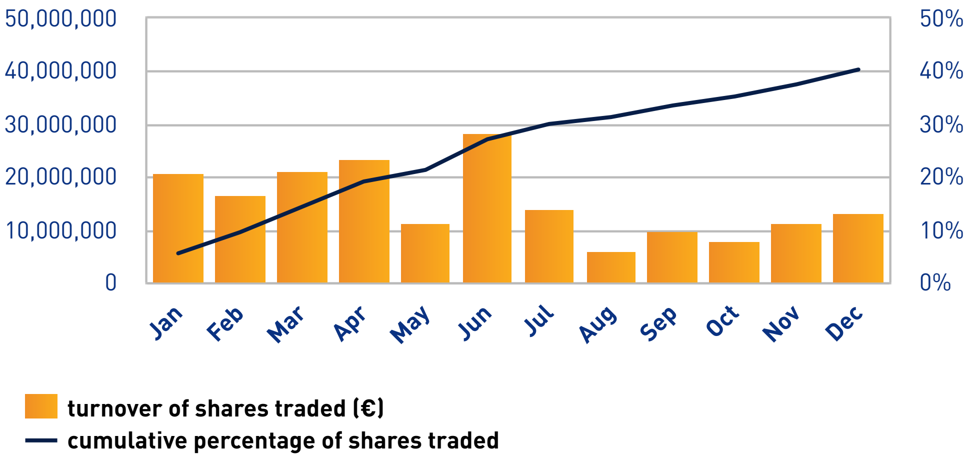
General

The shares in Beter Bed Holding N.V. are quoted on Euronext Amsterdam under security code NL0000339703. The shares of Beter Bed formed part of the Euronext Amsterdam Small cap Index (AScX) in 2015. The number of shares outstanding at the end of 2015 totalled 21,955,562. In 2015, 50,000 new shares were issued. Shares repurchased and not yet cancelled totalled zero at the end of the year under review. In the year under review, 2,723 shares were sold from the portfolio, all owing to the exercise of employee stock options. As a result the number of shares in the portfolio was zero at the end of 2015. The average number of shares used to calculate earnings per share is 21,947,224. The number of shares used to calculate the diluted earnings per share is equal to 22,053,956 earnings per share for 2015 total € 1.03 compared to € 0.77 in 2014. The diluted earnings per share in 2015 are € 1.02 (2014: €0.77).

Share price development



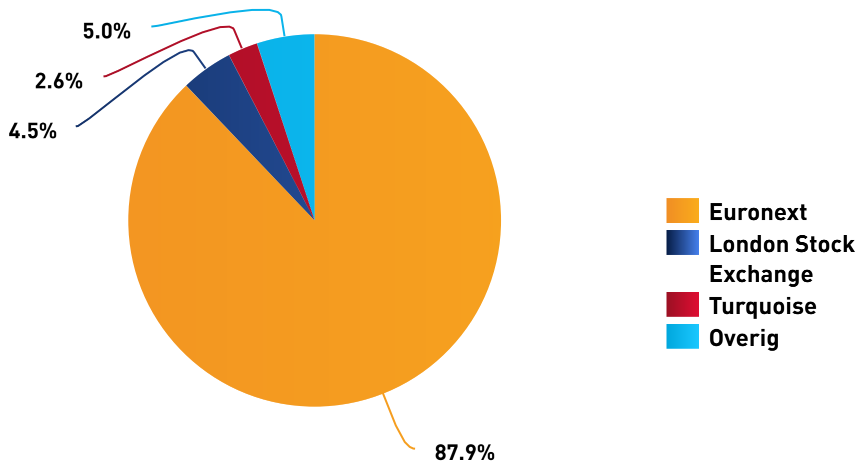
Trading volume



The diagram above shows the turnover of the shares traded on Euronext Amsterdam per month and the cumulative percentage of the outstanding shares that were traded in 2015 (as at 1 January 2016).

Two liquidity providers operated on behalf of the Beter Bed share in 2015, namely ING Commercial Banking and Rabobank International.

Distribution of trading volume

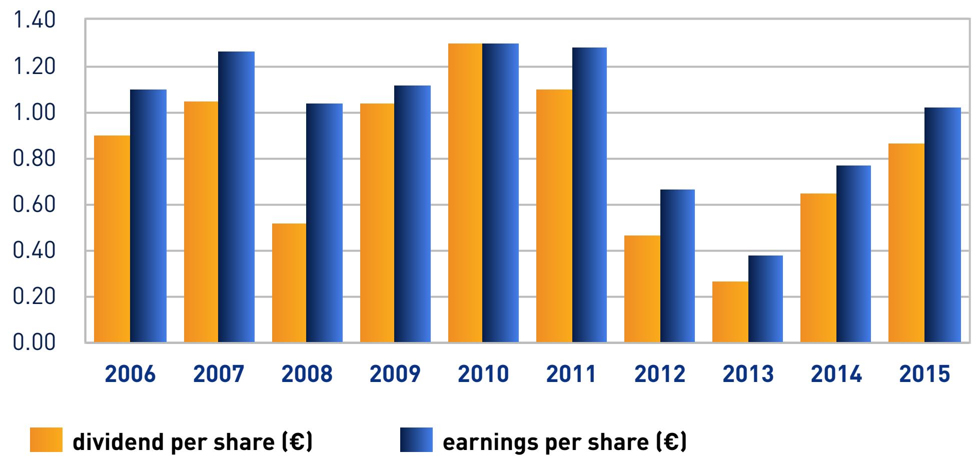


The above chart shows the distribution of trading volume in 2015 between Euronext and the main alternative trading platforms London Stock Exchange, Turquoise and others (Equiduct, Chi-X, BATS and Smartpool).

Dividend policy

Beter Bed Holding N.V.'s dividend policy focuses on maximising shareholder returns whilst maintaining a healthy capital position. Subject to conditions, the company's objective is to pay out at least 50% of the realised net profit to the shareholders. This payment will be executed in the form of an interim dividend following publication of the third-quarter figures and a final dividend following the approval of the dividend proposal by the Annual General Meeting of Shareholders. This system makes it possible to spread out payment of the dividend evenly over the year. The payment of the dividend may never result in the company's solvency falling below 30% on any publication date. Furthermore, the net interest-bearing debt/EBITDA ratio may not exceed two.

Dividend and earnings per share



Subject to the approval of the Supervisory Board, the Management Board determines annually what portion of the profit is to be reserved. The decision to pay an interim dividend is also subject to the approval of the Supervisory Board.

	2015	2014	2013
Number of outstanding shares	**21,955,562**	21,905,562	21,805,117
Repurchased but not cancelled shares	**-**	2,723	23,805
Closing price (€)	**22.48**	17.195	17.61
Highest closing price (€)	**23.74**	18.875	17.74
Lowest closing price (€)	**15.91**	15.20	13.00
Earnings per share (€)	**1.03**	0.77	0.38
Dividend per share (€)	**0.87**	0.65	0.27
Payout ratio	**85%**	85%	72%
Market capitalisation (in € million)	**494**	377	384

Investor Relations policy

The company seeks to inform shareholders, investors and the market on a regular basis. This is done by means of the publication of quarterly press releases based on trading updates and complete financial reports upon publication of the annual figures and half-year figures.

It is also considered important to maintain the relationship with existing shareholders and to bring the company and the Beter Bed Holding share to the attention of prospective investors. In addition to the aforementioned press releases, this responsibility is fulfilled by organising analysts' meetings and roadshow programs following the publication of the annual figures and the half-year figures. The company furthermore attends conferences organised by brokers and receives interested parties at the company's offices or at its stores.

Substantial holdings

The following holdings have been included in the Substantial Holdings register of the Netherlands Authority for the Financial Markets (AFM) in compliance with chapter 5.3 of the Dutch Financial Supervision Act.

Shareholder	Date of notification	Sharel
Delta Lloyd Deelnemingen Fonds, Amsterdam, NL	28-01-2015	9.9%
Breedinvest B.V., Laren, NL	10-11-2014	9.1%
Polar Capital LLP, London, GB	19-12-2014	7.1%
ASR Nederland N.V., Utrecht, NL	06-10-2008	6.6%
Kempen Capital Management N.V., Amsterdam, NL	01-06-2014	6.2%
Capfi Delen Asset Management N.V., Amsterdam, NL	22-04-2015	6.1%
Todlin N.V., Maarsbergen, NL	01-11-2006	5.2%
Belegging- en Exploitatiemaatschappij 'De Engh B.V.', Naarden, NL	24-09-2010	5.2%
Navitas B.V., Alphen aan den Rijn, NL	28-10-2014	5.1%
Ameriprise Financial Inc., Minneapolis (MN), US	08-09-2011	4.7%
Harris Associates L.P., Chicago (IL), US	19-02-2010	4.6%
Lazard Frères Gestion SAS, Paris, F	15-01-2014	3.0%
Danske Bank, Copenhagen, DK	20-04-2015	3.0%
Schroders Plc, London, GB	17-07-2015	3.0%

Options

Options for shares are provided with a view to further enhancing the involvement and motivation of the Management Board and the Management

The following option series were outstanding at the end of the year:

Year of issue	Management Board	Management	Exercise price in €	Duration up to and inclusive
2010	50,000	102,625	19.07	29-4-2016
2011	50,000	108,050	14.67	28-4-2017
2013	16,667	33,834	14.09	25-4-2018
2014	72,000	90,700	17.37	19-5-2019
2015	90,000	96,000	22.79	19-5-2020

Insider regulations

The company maintains insider regulations. The amended regulations went into effect on 3 November 2008. The persons subject to these regulations have declared in writing that they will comply with the provisions contained in these regulations. The regulations are available on the Beter Bed Holding website.

MANAGEMENT BOARD

A.H. Anbeek
Chief Executive Officer (1962)

Ton Anbeek earned a degree in Business Administration from Erasmus University Rotterdam and a degree in Organisational Psychology from Utrecht University.

He began his career in 1987 at Unilever where he held a range of positions in marketing and sales within various operating companies in the Netherlands until 2001. In 2001 he was appointed to the position of Global Marketing Director for all Unilever fabric softener brands and whilst fulfilling this role he lived and worked in London. He was appointed in 2004 to the position of Managing Director of Unilever Maghreb S.A. (Libya, Tunisia, Algeria, Morocco and Mauritania) and lived and worked in Casablanca during this period. He joined Koninklijke Auping BV in Deventer, the Netherlands as Managing Director in early 2007.

Ton Anbeek joined Beter Bed Holding N.V. on 1 January 2010 and was subsequently appointed Chief Executive Officer effective 1 March 2010. In the Annual General Meeting on 19 May 2014 he was reappointed for a term of four years.

Ton Anbeek holds Dutch nationality.

B.F. Koops
Chief Financial Officer (1957)

Bart Koops holds a degree in Business Economics and Accountancy from the VU University Amsterdam.

He began his career in 1985 at Van Dien & Co as an accountant and EDP auditor. Following a brief interlude in the insurance sector at Prudential Leven N.V., from 1994 onwards he fulfilled management and board positions at various Vendex-KBB subsidiaries, including De Bijenkorf Department Store, Hema and M&S Mode. He was appointed CFO of the Etam Group in 2006. From 2008 through 2011, he served in the Middle East as CFO of the Retail Division of M.H. Alshaya Co WLL. He has worked as a consultant since returning to the Netherlands, holding posts including interim CFO at Selexyz Boekhandels BV, CEO at AT5 Amsterdam and project manager at De Bijenkorf Department Store.

Bart Koops joined Beter Bed Holding N.V. on 1 April 2013, after which he was appointed as Statutory Director in the position of Chief Financial Officer of Beter Bed Holding N.V. at the Annual General Meeting on 25 April 2013. As of 19 March 2015 he was appointed as Supervisory Director of Spar Holding B.V.

Bart Koops holds Dutch nationality.

STRATEGY

VISION AND MISSION

Vision

Beter Bed Holding is an active player, as an omnichannel retailer, in the retail and wholesale markets for beds and mattresses. Europe, in the broadest sense, is its playing field. All retail formulas have, to a greater or lesser degree, a 'value-for-money' positioning, supported by extensive customer service, regardless of the market in which the individual chain operates. The group strives for market leadership in all countries in which it is active.

The essence of its vision statement can be formulated as follows:

In every country in which we operate, we intend to become the market leader in the 'value-for-money' segment in the bed and mattress market, in a socially responsible manner.

Mission

Beter Bed Holding's raison d'être and drivers can be expressed in the following mission statement:

Each day, there is nothing that inspires and motivates us more than ensuring that all our customers can sleep soundly and comfortably at an affordable price:

'Hard at work on a good night's rest'

OBJECTIVES 2016-2020

Customer satisfaction

In all markets in which the company operates, Beter Bed Holding aims to optimally serve its customers with strong, contemporary formulas in an omnichannel environment. The customer's wishes are leading and customer satisfaction is the benchmark. The store concepts are positioned and expanded with a view to optimal utilisation of growth opportunities, so as to increase market share and strengthen our market leadership.

Net profit

Increasing net profit, regardless of market conditions. Beter Bed Holding targets above-average growth and expansion of its leading market position, even in challenging market conditions. Customer satisfaction resulting in like-for-like growth, expansion within existing formulas, margin improvement and cost control are the key drivers of net profit.

Balance sheet structure

A strong balance sheet with solvency of at least 30% and a ratio between net interest-bearing debt and EBITDA not exceeding two. The dividend policy is applied and net working capital and leverage are managed within those frameworks, taking account of the required liquidity.

Corporate Social Responsibility

Beter Bed Holding and its subsidiaries consciously and conscientiously act in their stakeholders' interests, combining healthy entrepreneurship with respect for people and the environment.

STRATEGY

The company will achieve its objectives based on the following strategy:

Retail marketing

The positioning of all Beter Bed Holding formulas is continually refocused. All formulas offer top quality products and top quality advice at the lowest or most competitive price. On the basis of these strengths, there is a clear emphasis on increasing customer satisfaction, like-for-like growth and substantial growth of online revenue. The overarching goal is to increase market share in an omnichannel retail environment. The various formulas face a range of different challenges in pursuing this goal.

In the Benelux, it will be achieved mainly by further improvement of the transaction power (higher conversion and higher order amounts). In the other countries, by contrast, the attraction power (attracting more visitors) will rise. Each formula has defined its own strategy and plan to achieve this.

Innovation will be a key driver of revenue growth. This comprises both product and brand innovation within the 'private brand' strategy of each formula. To achieve this, development potential within purchasing will be strengthened and cooperation with strategic suppliers intensified.

Substantial investments are made in the training and education of our sales and logistics staff with a view to further increasing customer satisfaction.

The marketing function will be strengthened on a broad basis, for which purpose the positions of Marketing Manager were filled at both Beter Bed Benelux and Matratzen Concord in 2015. The marketing division will contribute significantly to the development of the various formulas by means of clear communication in the stores, brochures and on the websites. Marketing expenditure will be raised in the years ahead to support the positioning and the innovative character of the various formulas.

E-Commerce

The e-commerce or omnichannel proposition will be refocused in all countries. The 'customer journey' will be facilitated to the maximum extent, meaning that the customer is maximally served at all times of customer contact. The development of 'web only' ranges and expansion of the range of bed textiles will also be initiated.

To facilitate this, significant investments will be made in the e-commerce organisation in all countries, and marketing expenditure for e-commerce support will increase substantially. This is aimed at achieving a 'fair share' of online sales.

In order to implement the omnichannel strategy, the E-commerce divisions will be significantly expanded to include the required functional specialists that are necessary to build and operate state-of-the-art webshops (including partnerships).

Expansion

In addition to like-for-like growth, expansion will also contribute to revenue growth. In the Benelux, this will be concentrated primarily in Belgium. Matratzen Concord is expected to open stores in Germany, Austria and Switzerland. An increase in the number of stores is likewise planned for Spain. This expansion will be subject to strict requirements in terms of the investment per store, operating costs and (particularly) flexible rental periods.

To supplement expansion within existing formulas, opportunities for further organic growth will be sought, or acquisitions in existing and new countries.

Purchasing and sales

Purchasing has as major role in executing the strategy. The following targets apply for Purchasing, besides the product innovation already referred to earlier:

- margin improvement;
- development of online range;
- optimisation of delivery periods;
- fewer (but more strategic) suppliers with fewer SKUs;
- development of additional ranges.

Sales will ensure an optimal omnichannel customer experience supported by advice tools, configurators, net promotor scores and customer reviews.

Backoffice (HR, Finance, Logistics and IT)

The backoffice functions are required to operate with a focus on sales, service and the customer. Customer satisfaction, further professionalisation and proactivity are key words in achieving this. HR has a leading role in this respect.

The HR function is required to focus, among other things, on the intake, progression and outflow of personnel, management development, recruiting young talent (especially also for sales), continual training and creating a 'customer centered high performance KPI and team' culture. In order to achieve this, the HR function will be implemented at the director level .

The Finance function will be expanded into a Business support function, increasing the analytical capacity by implementing a modern 'business information warehouse' and applying function-specific dashboards and other means.

More flexible and faster deliveries will become the new standard for logistics. A review will be carried out for the Benelux at the start of 2016 to determine the optimum logistics infrastructure. The supply chain optimisation test for Matratzen Concord will be completed in the spring of 2016. Inventory optimisation continues to be a focus area at all formulas.

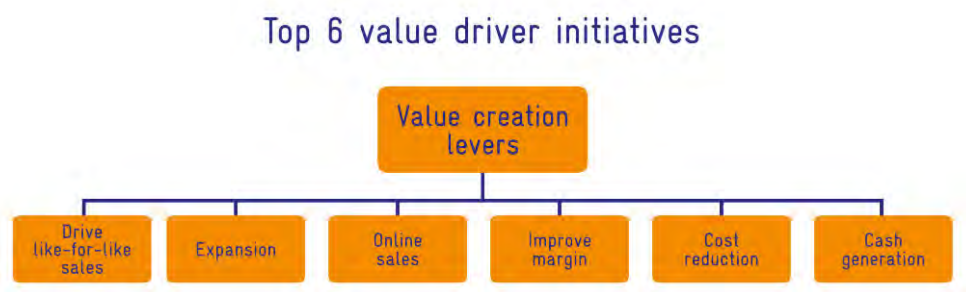
A new front end offering maximum flexibility with regard to customer requirements will be developed within the IT function on the basis of a robust backbone (SAP). Time-to-market and user-friendliness (for customers and employees) will be the leading considerations.

Corporate Social Responsibility

Beter Bed Holding is aware of its social responsibility, as attested in its existing compliance reporting, the stakeholder dialogue in which it engages and the structural approach to CSR embedded in the organisation. For the coming years, Beter Bed Holding has the ambition to launch initiatives within the sector and in consultation with strategic suppliers to promote the circular economy.

Value drivers

In sum, Beter Bed Holding aims to create value through the following initiatives in the years ahead:



REPORT OF THE MANAGEMENT BOARD

GENERAL

Work on further refining the customer proposition was vigorously continued in 2015, with a focus on maximising customer satisfaction. Product ranges were modified, advertising campaigns updated and service levels increased by reducing delivery times, for instance. Stores were also refurbished and new store concepts were tested. At the same time, gross profit rose and costs were controlled. The strong balance sheet position was retained and working capital was further reduced.

The recently-initiated development of the company into an omnichannel retail formula was successfully continued.

Beter Bed Holding N.V. also benefited in 2015 from the positive and sometimes rising consumer confidence in its various markets. The recovery that started in 2014 continued in 2015. Virtually all formulas reported revenue growth, with the Netherlands and Germany in particular performing very well. Only Switzerland lagged behind slightly (in local currency), mainly due to the worsening economic situation resulting from the appreciation of the Swiss franc.

Beter Bed Holding benefited from the improving economic climate and achieved good results in 2015. Revenue increased by 5.9%, mainly due to growth in revenue of 10.9% at Beter Bed Benelux.The refurbishment of the Beter Bed stores was completed in 2015. Besides the optimised product range, the contemporary look and feel of the updated stores clearly contributes to revenue growth. Revenue at Beddenreus edged down compared with the preceding year. The formula is currently being modernised and rejuvenated.

Substantial growth in revenue was achieved in Germany in the first half of the year in particular, continuing the trend of 2014. The comparative basis for the third and fourth quarter was challenging, however. Overall, Germany achieved record revenue, up 4.5% from 2014. On the basis of comparable stores, the increase was 3.8%.

Matratzen Concord Austria strengthened its market position with the acquisition of the 18 stores of BettenMax, giving the formula access to a large number of retail parks and making it the market leader in the 'value-for-money' segment. Growth in revenue in Austria was 15.4%; on a like-for-like basis, the increase was 1.0%.

In Spain, the higher revenue (up 8.4%) was achieved mainly by expanding the number of stores. Revenue in comparable stores rose 0.6%. For the second successive year, revenue in Switzerland was under pressure due to the economic situation, contracting by 2.9% on a like-for-like basis. The pilot in France was expanded by opening a second store.

Overall, the group achieved revenue of € 385.4 million in 2015, an increase of € 21.4 million (5.9%) compared with 2014. Growth in revenue in comparable stores was 5.4%.

	2015	2014	Change
Revenue (in € million)	**385.4**	364.0	5.9%
Gross profit (in € million)	**222.2**	208.7	6.5%
Operating profit (in € million)	**30.7**	23.0	33.2%
Net profit (in € million)	**22.6**	16.9	33.8%
Number of stores	**1,159**	1,127	2.8%
Number of employees (FTE)	**2,513**	2,369	6.1%

Gross profit continued to increase and rose to 57.7% % (2014: 57.3%). Improved purchasing conditions, a change in the sales mix and product updates contributed significantly to this.

The average costs per store amounted to € 166,200 (2014: € 158,900). The increase was mainly attributable to increased marketing efforts, higher employee benefits, and higher depreciation and amortisation charges.

The operating profit for 2015 increased by 33.2% to € 30.7 million (2014: € 23.0 million). Operating profit as a percentage of revenue rose to 8.0% (2014: 6.3%).The net profit was € 30.7 million (2014: € 16.9 million); an increase of 33.2%.

The number of stores increased by 32 in 2015, of which 18 due to the acquisition in Austria. At year-end 2015, the group operated 1,159 stores in seven countries.

INVESTMENT, FINANCING AND CASH FLOW

Total investments amounted to € 16.0 million in 2015. A total of € 8.9 million was invested in new and existing stores. In addition, substantial investments were made in the omnichannel infrastructure (e-commerce and webshops).

The cash flow[1] amounted to € 33.0 million in 2015 (2014: € 25.1 miljoen). Solvency remained high, at 57.5% at year-end 2015 (2014: 58.6%).

As the company operates on a debt-free basis, the ratio between net interest-bearing debt and EBITDA was zero at the end of 2015, as it had been a year earlier.

The reduction of net working capital, while maintaining the commercial strength of the formulas, was continued in 2015. This reduction was achieved largely by an increase in accounts payable by € 5.0 million.

1 *net profit plus depreciation, impairments and carrying amount of disposals. Before 2015, net profit was not adjusted for the carrying amount of disposals.*

Matratzen Concord is a pan-European (primarily cash & carry) formula that serves the replacement market and specialises in the sale of primarily mattresses, bed bases, box springs and bed textiles to consumers. The chain operates 992 stores in three countries (Germany, Switzerland and Austria). The stores are located mainly at so-called C locations in or in the vicinity of city centres near consumers.

	2015	2014	Change
Revenue (x € 1.000)	**262,150**	249,137	5.2%
Number of stores	**992**	966	2.7%
Number of employees (FTE)	**1,809**	1,724	4.9%

Revenue at comparable stores at Matratzen Concord rose by 3.1%, while total revenue increased by 5.2% in 2015. The increase was primarily visible in Germany and Austria and was achieved in part through targeted marketing campaigns in combination with a higher propensity to buy among consumers.

Pilots of an updated version of the tried-and-tested Matratzen Concord concept were continued in Germany in 2015. The key values of this concept have been retained, but have been adapted to a more modern approach.

A total of 72 stores were opened and 46 stores were closed in the year under review.

www.matratzen-concord.de

Beter Bed is a full-service formula of bedroom furniture showrooms operating in the middle end of the market and providing excellent value for money. Consumers order items in the store or on the website, after which they are delivered to their home and assembled there. The stores are located in the Benelux, preferably at 'furniture boulevards' or in the vicinity of other home furnishing stores.

	2015	2014	Change
Revenue (x € 1,000)	**101,254**	91,327	10.9%
Number of stores	**97**	94	3.2%
Number of employees (FTE)	**544**	499	8.9%

Beter Bed's revenue increased by 10.9% to € 101.3 million in 2015, due to growing consumer confidence, the recovering housing market and the successful relaunch of the Beter Bed brand. Refurbishment of the Beter Bed stores commenced following a number of pilots in 2014. This operation was completed in 2015 and all branches now have the new visual identity.

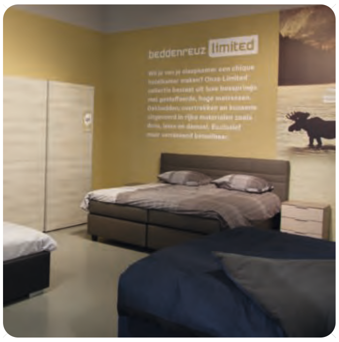
Beter Bed's online sales developed positively in 2015. Their share of revenue currently amounts to approximately 5% (2014: 4.7%).

A net total of three stores were opened in the year under review. Order intake in comparable stores rose 11.6% in 2015.

www.beterbed.nl

Beddenreus is a cash & carry formula in the discount segment of the Dutch market. The stores are located at B and C locations in the vicinity of 'furniture boulevards' in the Netherlands.

	2015	2014	Change
Revenue (x € 1,000)	**10,313**	10,595	-2.7%
Number of stores	**34**	35	-2.9%
Number of employees (FTE)	**59**	59	-0.2%



Pilots continued in 2015 on the new design and image of the Beddenreus stores. The product range was also largely updated. Following the successful conclusion of the pilots, all Beddenreus stores will be refurbished in 2016. The like-for-like revenue increased with 6.7% in 2015.

www.beddenreus.nl

El Gigante del Colchón changed its format from full-service to cash & carry during the Spanish economic crisis. The retail formula, the location policy and look and feel of the store are comparable to that of Matratzen Concord.

	2015	2014	Change
Revenue (x € 1.000)	**5,933**	5,472	8.4%
Number of stores	**36**	32	12.5%
Number of employees (FTE)	**60**	51	17.8%

Revenue in comparable stores rose by 0.6% and a net total of four stores were added to the chain. Further expansion of the number of stores will be targeted in the years ahead.

www.gigantedelcolchon.com

DBC International (Dutch Bedding Company) is the wholesale arm within Beter Bed Holding. It develops and markets among other things mattresses under the name M Line via an international dealer network, a select group of Beter Bed and Matratzen Concord stores and via El Gigante del Colchón and Literie Concorde. DBC International supplies customers in the Netherlands, Germany, Spain, Belgium, Austria, Switzerland and France.

	2015	2014	Change
Revenue (x € 1.000)	**14,855**	13,968	6.4%
Number of employees (FTE)	**11**	10	11.2%

DBC International's revenue rose in 2015, both within the dealer network and in the Beter Bed and Matratzen Concord stores. The updating of the M Line mattress series in early 2015 contributed significantly to this.

www.mline.nl

Literie Concorde A pilot was started under this name in France in mid-2014. The formula operated two stores at the end of 2015: one in Bordeaux-Mérignac and one in Lyon.

www.literie-concorde.fr

STAFF AND ORGANISATION

The group had 2,513 employees (FTEs) as of 31 December 2015, compared to 2,369 employees at year-end 2014. The increase was attributable to the acquisition of BettenMax and organic growth especially at Matratzen Concord and Beter Bed.

The quality of the service provided by our employees and their customer focus largely determines the success of the Beter Bed Holding N.V.'s retail formulas. A customer-friendly approach, a 'first time right' attitude and speed of delivery are crucially important for our reputation and results. This is why the training and development of our employees at both the commercial and operational levels remains an ongoing focus area.

Both the retail and the logistics organisations receive training relating to (product) knowledge and behaviour. Management positions are filled with local personnel in all countries. Within this context, the company furthermore aims to have a larger number of women in management positions. The company currently has 32 women in management positions (25%; 2014: 22%).

RISK MANAGEMENT AND RISKS

General

The following general controls are in place at Beter Bed Holding to manage risks:

The organisation applies a matrix that describes the risks, their financial and other impact, the likelihood of their occurrence, the controls and the actions to be taken. This matrix is updated and discussed in the Audit Committee twice a year and the key points are reported to the Supervisory Board. The risks are classified in the categories Financial, Operational, Board and Management, Legal, Social, Information and Tax.

As part of the annual budget cycle, the opportunities and threats identified by Beter Bed Holding for the Group as a whole and for the individual companies in economic, strategic and commercial terms are determined. The budget drawn up by the Management Board of Beter Bed Holding is discussed with and approved by the Supervisory Board.

All group entities (in the Netherlands and abroad) report monthly to the Group on the financial results achieved (revenue, margin, expenses and operating profit) and the financial position. These reports are discussed on a monthly basis by the Management Board of Beter Bed Holding with the various management teams, providing direct oversight of the various operating activities. Far-reaching uniformity is aimed for in the various reports to enhance their effectiveness. The administrative and accounting records for the operating activities are maintained in the SAP (ERP) environment (which has already been used for a considerable time in the organisation).

The effective operation of the accounts and internal control structure is reviewed every year by the external auditor as part of the audit of the financial statements. The audit findings are discussed by the external auditor with the Management Board, and, without the latter being present, with the Supervisory Board.

The principal risks for Beter Bed Holding and its affiliated operating companies are as follows:

The **financial strategic** risks consist in failing to achieve revenue mainly due to entry of new competitors, the introduction of new products, brands and revenue models. The positioning, product range, pricing and service level of the formulas in their own markets are continually refined based on frequent, extensive and thorough consumer research, market information and competition analysis. The company furthermore follows a pro-active omnichannel strategy that has been elaborated and aligned to consumers' wishes in each country. This strategy allocates an express role to the stores in combination with own online webshops and strategic web partners whenever possible. Further information regarding a number of specific financial risks connected with normal business operations is provided under risks (see page 75) in the general notes to the financial statements.

In terms of **operational strategic** risks, the company recognises the risk of supplier side consolidation, which may threaten margins (and supplies). To mitigate this risk, internal agreements are in place on the maximum share in revenue that an individual supplier can have within the group. In addition, regular consultation takes place at the highest executive level (CEO) with the principal suppliers. The organisation also applies an extensive system of supplier management, enabling continual monitoring of the performance of individual suppliers and early identification of indications of potential problems at suppliers. Moreover, the product range sourced from any one supplier can in principle be replaced within an acceptable timeframe.

In **legal strategic** terms, there is a risk of non-compliance with laws and regulations in various areas, including product liability, consumer protection and reporting. These risks are mitigated by systematically requesting advice from experts with the relevant knowledge, including legal specialists, tax specialists, accountants and competent authorities. In addition, audits are regularly performed.

The **social strategic** risks primarily relate to damage to the company's image and reputation as a result of defective products or irresponsible conduct in a wider sense. It should be noted with regard to the product range that the formulas do not manufacture products themselves. Control systems ensure that products meet the applicable requirements. To ensure responsible conduct, the organisation applies codes of conduct in various areas. The corporate culture, in which integrity and ethical business conduct are core values, significantly contributes to mitigating risks. The company also has a Whistleblowers policy.

The main operational risks relate to the availability of **information** systems that support the primary processes and the availability of the logistics facilities. To manage those risks the IT architecture has been designed to ensure that the cash register systems can operate locally (standalone) and back-ups are continually made of the data of all back-office systems, and therefore the externally located IT infrastructure will be operational within the timeframe required for continuity purposes in the event of a calamity. System integrity is monitored by applying a clear release policy and strict 'change management' procedures. Specific attention was directed in 2015 at the risk of cybercrime. The logistical risks relate mainly to the situation in the Netherlands, where three distribution centres (DCs) are used. In the event of a calamity at one of these DCs, the other two can be used as alternatives. In addition, each DC has its own business continuity plan.

Tax

Beter Bed Holding explicitly defined its tax principles in 2015. The main principles are that Beter Bed Holding maintains an open relationship with the tax authorities in the countries in which it operates, agrees tax rulings only to confirm the correct interpretation (and application) of the tax rules and tax laws and does not adopt (abnormal) tax arrangements directed solely at tax avoidance. As part of 'horizontal monitoring' Beter Bed Holding has signed a compliance agreement with the Dutch Tax and Customs Administration. This ensures that any tax issues are discussed openly and on the basis of full transparency. The Management Board reports twice a year on relevant tax issues to the Audit Committee.

Independent auditor's report
The independent auditor obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. He reports his findings to the management board and supervisory board in his board report and independent auditor's report.

In control statement

Based on the aforementioned and considering the limitations inevitably associated with any internal risk management and control system, the company's systems provide the Management Board with a reasonable degree of security with regard to financial risk that the financial reports do not contain any material misstatements and that the annual report gives a true and fair view of the situation on the balance sheet date and the developments during the year under review. These risk and control systems operated properly during the year under review, and there are no indications that this situation should change in the current year. With regard to the other risks, the company maintains a risk management and control system adapted to the company's size, which also operated adequately during the year under review.

TRUE AND FAIR VIEW STATEMENT

The Management Board declares that, to the best of its knowledge, the annual report provides a true and fair view of the situation on the balance sheet date, developments during the financial year of Beter Bed Holding N.V. and those of its affiliates whose details are included in its financial statements, along with expected developments, with regard to which special attention is paid to investments and conditions on which developments of revenue and profitability depend, unless it conflicts with vital interests. The Management Board also declares that, to the best of its knowledge, the financial statements provide a true and fair view of the assets, liabilities, financial position per balance sheet date and profit of Beter Bed Holding N.V. and the companies included in the consolidation of the financial year 2015.

EXPECTATIONS AND OUTLOOK

The outlook for 2016 is positive. The economic outlook and the development of the housing market (at low mortgage interest rates) continue to appear to be favourable, despite a number of uncertainties. Building on the results of the measures put in place in the past few years, steps will be taken to continue like-for-like growth and to ensure that the formulas remain contemporary. To achieve this, a new strategic plan was formulated in 2015 for the period 2016-2020, named *'From good to great'*. The primary focus in that plan will be on innovation and maximum customer satisfaction in an omnichannel environment. Expansion will also be a priority, in order to further strengthen the position of our formulas in the various countries.

Uden, The Netherlands, 10 March 2016

A.H. Anbeek,
Chief Executive Officer

B.F. Koops,
Chief Financial Officer

CSR

CSR AT BETER BED HOLDING

Introduction

The social value of a good night's sleep is generally recognised. People who sleep well are happier and healthier. Facilitating this may be Beter Bed Holding's most important social contribution, which is delivered by offering a broad range of good quality products with suitable advice at competitive prices, and is described as follows in the mission: *'Each day, there is nothing that inspires and motivates us more than ensuring that all our customers can sleep soundly and comfortably at an affordable price.'*

Further steps were taken in 2015 to translate the vision for corporate social responsibility ('CSR') into targeted policies. After the stakeholder dialogue took place in 2014, the CSR Steering Group was set up in 2015, which was tasked at management level with defining and achieving new CSR targets for the period 2016-2020, in line with the vision stated by Ton Anbeek: *'What we do needs to be good for people, animals and the planet, and therefore also for our customers, employees and business partners. To us, growth is much more than investing in more revenue. We firmly believe that this vision does not just benefit our results and reputation but also provides greater satisfaction in what we do. We do not only want to do things right but also and especially want to do the right things, in a financially sound and socially responsible manner.'*

CSR TARGETS AT A GLANCE

The current targets are published for the last time in this annual report:

Subject	**2015**	2014	2013	2012	**Target**		
Chain management	**100%**	100%	100%	97%	**2013**	**100%**	Codes of conduct signed
Diversity in management	**25%**	22%	22%	16%	**2016**	**30%**	Women in management
Sickness-related absenteeism	**3.4%**	2.6%	3.5%	3.2%	**2016**	**3%**	Germany
Sickness-related absenteeism	**4.9%**	4.2%	4.3%	4.8%	**2016**	**3.5%**	The Netherlands
Safe products	**83%**	82%	81%	78%	**2016**	**80%**	Certified mattresses
Energy consumption (TJ)	**231**	238	277	268	**2016**	**235**	
Recycled waste	**52%**	48%	46%	46%	**2016**	**75%**	

CONSUMERS

Customers' health and safety

The health and satisfaction of the customers of the individual store formulas of Beter Bed Holding are the foundations of the policy and activity of the company. The aim is for 80% of the mattresses in the total range and at all formulas of Beter Bed Holding to have been tested and certified in 2016. In 2015, 83% of mattresses in terms of revenue was tested for hazardous substances and certified. The target will be raised further.

Beter Bed Holding has concluded a contract with the consumer testing agency TÜV Saarland so as to further professionalise the testing and certification process and increase the reliability of its results.

Customer satisfaction

In Germany, the quality of services provided by Matratzen Concord was tested by TÜV Saarland, which asked consumers to rate them. With a rating of 1.9 (GUT), Matratzen Concord was ranked first in the bedroom furnishings retail sector.

Since mid-2014, customer satisfaction in the Netherlands is measured on the basis of the Net Promoter Score (NPS), as part of which customers are asked to rate the service provided by Beter Bed. They are also invited to state their opinions in brief reviews.

Beter Bed Holding sets great store by honest communication in sales processes. Highly motivated and trained staff provide expert advice. Customers also greatly appreciate the image of the stores, the price/quality ratio, the service and guarantees.

The company again managed to maintain the high level of its services in the Netherlands in 2015; more than 98% of 'first time right' deliveries were made, i.e. deliveries were complete and to customers' full satisfaction on the first attempt. Packaging material is collected after delivery and for a small fee, old mattresses are taken in and recycled by Van Gansewinkel.

EMPLOYEES

Proud of our staff

The employees are the calling card of the company. They ensure not only honest services but also a pleasant shopping environment. Partly for that reason, the formula Matratzen Concord has decided to invite its employees to figure in its marketing campaigns.

Quality of our staff

To safeguard staff quality, evaluation and performance interviews take place every year. Training and education are provided on a systematic basis; in 2015, 'on the job' training with electronic support (e-learning and e-training) was introduced in the Netherlands for staff in the stores and in logistics.

Effectory surveyed employee satisfaction at Beter Bed Nederland in 2014. With a score of 7.4, Beter Bed was ranked third in the Retail sector and could therefore call itself 'Best Employer' in 2015. Beter Bed Holding intends to have this survey carried out biennially.

Health and safety of employees

The company sets great store by the safety and health of all employees. In view of the nature of the occupational risks, there is a special focus on the staff behind our logistic processes. This is why in 2015 we conducted another random survey of the distribution centres and cargo bays of our delivery trucks in the Netherlands for hazardous substances. Beter Bed Holding is pleased to report again, in line with its expectations, that no hazardous substances were found.

Sickness-related absenteeism increased in 2015. The increase in the number of sickness-days occurred mainly in Germany, as a result of a widespread flu virus. The share of people with long-term illnesses edged up slightly. Policy is aimed at further reducing work-related absence by providing more extensive support to the employees concerned.

Diversity

Diversity in the composition of management and other teams is a major ambition pursued by Beter Bed Holding. In Beter Bed Holding's view, women tend to have the final say in decisions on purchases. The company signed the Charter 'Talent to the Top' in 2014. This initiative is a code with clear agreements and a public commitment for achieving diversity at the top of the company.

In its previous annual report, the organisation stated that it would undertake additional efforts to increase the number of women in management positions. This resulted in a rise in the number of female managers from 27 to 32 (+19%) in 2015. In Germany, a female marketing manager joined the management team. Also in Germany, three women were added to the sales management.

SUPPLIERS

In the selection of suppliers, Beter Bed Holding is highly concerned with both the commercial and the ethical sides of the relationship. The absolute precondition is that both the supplier itself and its suppliers adhere to all applicable laws and rules in their own countries.

The method of doing business must be compatible with the standards and values of Beter Bed Holding, which are based on the United Nations Global Compact. The strategic suppliers have been asked to sign the 'Supplier Code of Conduct'.

Stakeholders have stated that they expect large market parties such as Beter Bed Holding to play a pro-active role in chain management and focus within it mainly on the materials used, or to be used (wood, iron, down, cotton). The next evident step on the way to a circular economy is that the hazardous substances in mattresses, in particular, need to be phased out. This point is raised in regular meetings with suppliers. It is important for Beter Bed that animals are treated with respect. What this means for the organisation is, for instance, that sheep are shorn in an animal-friendly manner for bed textiles and that down is not plucked from live birds.

GOVERNMENT

Tax avoidance received widespread media coverage in 2015. In addition, the OECD announced a series of measures in the autumn of 2015 to combat 'Base Erosion and Profit Shifting' (BEPS). This was one of the reasons for Beter Bed Holding to formulate its tax policy more clearly. The basic principle is that the organisation wants to pay its fair share of taxes in the countries in which it operates. The organisation also states clearly that it will not use artificial arrangements to avoid taxation.

The Netherlands Food and Consumer Product Safety Authority (NVWA) carries out product safety system inspections and audits at Beter Bed. The NVWA has faith in the way in which Beter Bed has organised and implements its product safety process. The outcome of the system inspection and audit is that until the end of 2016, Beter Bed is only subject to limited supervision by the NVWA on these aspects. That is the highest mark of trust that the government can assign to an organisation in the area of product safety.

Beter Bed Holding decided in 2015 to adhere more clearly to the OECD guidelines as of 2016, in anticipation of imminent, tighter laws and regulations in the field of CSR reporting. The guideline obliges public interest entities to be transparent about their non-financial performance, such as the strategy, performance and risks in the field of the environment, working conditions, human rights, corruption and diversity at the top.

ENVIRONMENT

Reducing the environmental footprint is one of the spearheads of the CSR policy of Beter Bed Holding, encompassing a broad spectrum: energy savings, reducing CO_2 emissions, reducing the use of packaging material, using less environmentally harmful materials and promoting the circular economy. In line with the ambitions formulated at the climate summit in Paris and the Ambition 2020 report of CSR Netherlands, the topics 'energy and climate' and the 'circular economy' will be covered extensively in this annual report.

Beter Bed Holding's environmental footprint

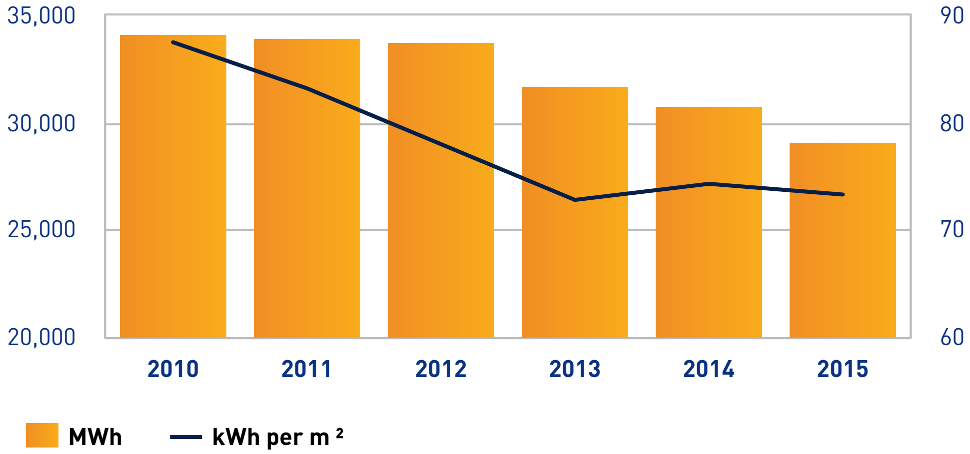
The organisation has been aware for a considerable number of years that the environmental footprint of Beter Bed Holding contributes to global warming. Beter Bed Holding has already been working successfully for many years to reduce its environmental footprint. An energy audit was carried out at Matratzen Concord in Germany in 2015. Lessons from this audit will be put into practice throughout the organisation. Following implementation of the *lessons learned,* these audits will also be performed in the other business units.

Electricity

The European Parliament has set the goal that 30% of energy should be generated from renewables by 2030. Matratzen Concord in Germany switched to green electricity in October 2015. As Germany accounts for almost 70% of the organisation's energy consumption, the target set by the European Parliament is comfortably achieved.

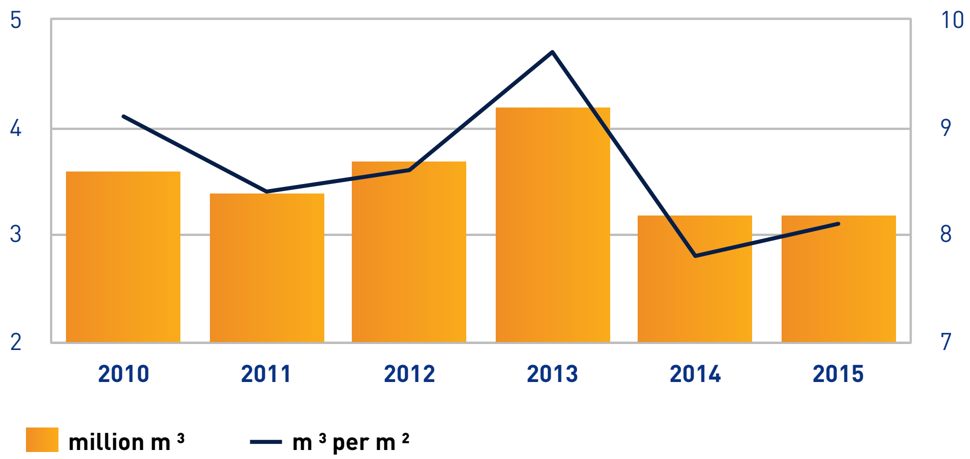
Electricity consumption has been trending down for many years due to numerous energy-saving measures. Consumption totalled 29,000 megawatt hours (MWh), which represents 85% of the 34,200 MWh consumed in 2010. A major contribution to the savings is attributable to the remodelling of Beter Bed Nederland's stores of in 2015. Energy-saving measures were put in place during the refurbishment, such as the fitting of timer switches in the stores and smart energy meters that can be centrally controlled. The organisation managed to reduce energy consumption in the Netherlands by 1,600 megawatts in the past year.

Relative electricity consumption per m² is an important measure. Since 2010, electricity consumption per m² has been reduced by 16% from 87.5 kWh to 73.3 kWh.



Natural gas

Another relevant source of energy is natural gas, which is used to heat offices and stores. It has become clear in the past few years that natural gas consumption depends mainly on weather conditions and that the organisation can only influence changes in consumption to a limited extent. Gas consumption remained level in 2015 at 3.2 million m³, which represents 91% of consumption in 2010. More importantly, relative natural gas consumption per m² retail area has been reduced by 11% to 8.1 m³ since 2010.



The CO_2 footprint

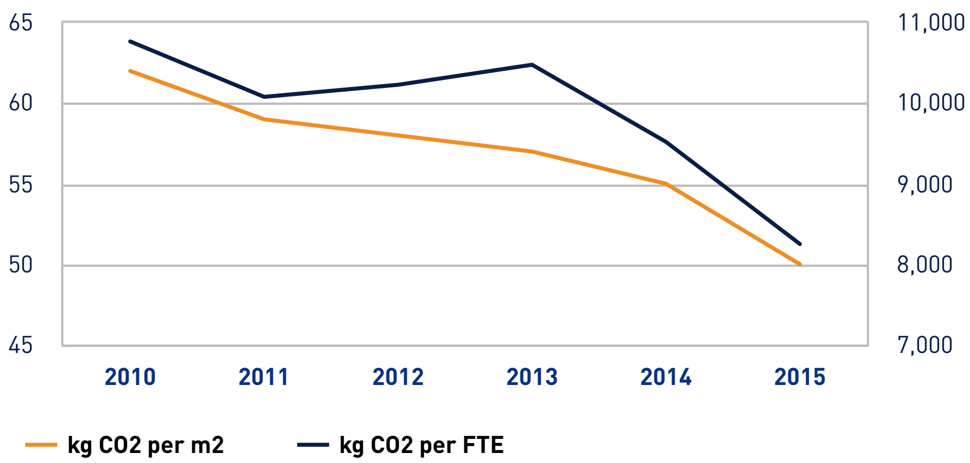
At the climate summit in Paris, the world's political leaders agreed that greenhouse gas emissions must be reduced by 40% by 2030. Heads of government and the United Nations stated that businesses in particular had a significant role to play in achieving those targets.

CO_2 emissions totalled 19,964 tonnes in 2015; a decrease of over 11% compared with 2014. The decrease was achieved primarily through efforts in the field of electricity. The main contribution was provided by Matratzen Concord which switched to green electricity in Germany in October 2015, resulting in a 24% decrease in CO_2 emissions in that country. The second significant contribution came from Beter Bed Nederland, where emissions attributable to stores were reduced by 574 tonnes in 2015 due to the remodelling referred to earlier.

CO_2 emissions	2015	2014	2013	2012
Natural gas	**6,087**	6,090	7,935	7,013
Fuel oil	**1,638**	1,703	2,055	2,007
Diesel	**1,275**	1,361	1,261	1,389
Electricity	**9,153**	11,741	12,066	12,731
Air travel	**38**	29	24	35
Commute travel	**1,773**	1,672	1,704	1,823
Total	**19,964**	22,596	25,045	24,998

The exact figures for CO_2 emissions and the sub-classification by energy source are reported in the CSR report under indicators EN15 to 21 of the GRI index.

Relative CO_2 emissions per m^2 floor space fell by 19% compared with the 2010 baseline.



Materials and the circulair economy

The circular economy is a topic that is high on the agenda of Beter Bed Holding. It is however also a topic on which success will not be readily achieved. Mattresses in the mainstream market are manufactured on the basis of chemical products and petroleum. Also, collection of mattresses takes place in a range of completely different ways locally and in each country. That makes it difficult for the organisation to make its mark on the return of mattresses and other bedroom furnishings.

The key step that needs to be taken is for the most hazardous raw materials to be phased out. Beter Bed Holding engages in continual dialogue with its strategic suppliers to reduce the environmental impact of mattresses. In the period ahead, the organisation will itself state clearly which materials need to be replaced most urgently with environmentally benign components.

The total volume of waste fell by 18% to 3,800 tonnes in the past year. The decrease was attributable to the relatively large volume of waste in the preceding year, during which extensive remodelling of stores was carried out at Beter Bed. The figures are in line with the trend: waste volumes have decreased by 35% since 2010. The target to collect, separate and reuse all packaging material in the Netherlands after delivery was again achieved in 2015. In order to improve its contribution to the circular economy, the organisation will continue its dialogue with waste-processing companies to find a solution in which used mattresses can be recycled into new products.

EXTERNAL ASSESSMENT

Reporting guidelines

In this report, Beter Bed Holding is reporting for the fifth time on its activities and progress in the field of Corporate Social Responsibility (CSR) in accordance with the guidelines of the Global Reporting Initiative (GRI). In the stakeholder dialogue, the report was found to be largely compliant with the G4 guidelines.

The report is presented in a clear format and is compact and readable. Detailed information is reported in a more extensive CSR report. The index also contains a list of the definitions applied. The codes of conduct of Beter Bed Holding are available on the website www.beterbedholding.com.

Scope and framework of the report

In this report on the calendar year 2015 Beter Bed Holding reports on all formulas in the Netherlands, Germany, Switzerland, Spain and Austria. The information from Belgium is limited, but owing to the limited size of the operations in Belgium, MVOplossingen does not consider this to be material. As in the previous year, the CSR information in this report covers 99% of the total number of FTEs. Information on details in the separate CSR report may depart from this standard. In that specific case, the deviation from the coverage ratio is stated explicitly.

Consistency in reporting process

The figures presented in this report have been derived on the basis of consistent definitions and are therefore comparable to those of prior years. These definitions are reported in a separate annex in the CSR report.

The information from the formulas is provided by a fixed team of employees. This stability has led to swifter and better reporting. MVOplossingen is very pleased that all reporting staff, with the exception of Spain, have been included in the CSR Steering Group. This will not only improve the quality of regular reporting, but also provide more information on developments at the formulas.

Group Controlling was closely involved in compiling and verifying the quantitative data. MVOplossingen is tasked with collecting the broad stream of information from within the group. The aggregations of quantitative data and changes in figures have been discussed and verified by Group Controlling.

Conclusion

Beter Bed Holding has taken a major step forward in 2014 by implementing the stakeholder dialogue. The results of the dialogue have confirmed that the chosen reporting structure and the selection of topics are appropriate. CSR was further embedded within the Beter Bed Holding organisation in 2015.

Strengths

- In this annual report, the policy and developments are linked to significant trends in CSR, such as the climate summit in Paris and the Ambition 2020 report of CSR Netherlands.
- Increasingly, initiatives are originating 'bottom up' in the formulas. The decision to provide green electricity for the German stores as from October is an example of this.
- Several diagrams have been included in the annual report, which help in interpreting developments over time.
- The implementation of the stakeholder dialogue has shown that both the reporting strategy and the selection of topics are in line with expectations.
- Due to the clear and consistent allocation of duties between the Group Controlling staff and MVOplossingen, the quality of information has again improved.

Steps to be taken:

- A number of standard indicators have not been reported, while they should be expected to be covered in reporting in conformity with G4 at the CORE level.
- The CSR Steering Group met in November for the first time. Accordingly the Steering Group was not yet able to make its mark on this annual report, and consequently the targets formulated have not been updated yet. MVOplossingen has recommended to the organisation that the Steering Group should meet every quarter from now on.
- Reporting on complaints procedures and incidents diverges for each formula. In the opinion of MVOplossingen, the CSR Steering Group must ensure that this topic is managed and reported more consistently.

In MVOplossingen's opinion, the report of Beter Bed Holding provides a good and accurate view of the business and its operations in the field of CSR. The CSR report including GRI index is characterised by a high degree of detail and transparency, which enables stakeholders to engage in dialogue with the company on a solid basis.

Arnhem, the Netherlands, 10 March 2016

Menno Kuiper,
Specialist on communications on CSR in annual reports of the consultancy firm MVOplossingen

GOVERNANCE

CORPORATE GOVERNANCE

General

The Supervisory Board and the Management Board subscribe to the principles for good corporate governance as laid down in the Dutch Corporate Governance Code. The Supervisory Board and the Management Board recommend that shareholders and other stakeholders review these documents on www.beterbedholding.com. A full overview of all **best practice provisions** is available on this website, stating whether or not the company complies with these individual provisions. The notes included here relate to the Code as amended by the Dutch Corporate Governance Code Monitoring Committee in December 2008.

This policy has resulted in the following documents:

- Supervisory Board regulations.
- Audit Committee regulations.
- Remuneration Committee regulations.
- Management Board regulations.
- Code of conduct.
- Whistleblower policy.
- Investor Relations policy.

These documents are also available on the website referred to above.

As usual, Corporate Governance and each substantial change in the corporate governance structure of the company and in its compliance with the Corporate Governance Code will be submitted to the General Meeting of Shareholders for discussion under a separate agenda item during the Annual General Meeting on 19 May 2016.

The full text of the Dutch Corporate Governance Code is available on www.commissiecorporategovernance.nl.

Departures from the Corporate Governance Code

The company complies with all best practice provisions with the exception of the provisions mentioned in this section. Where applicable, the reasons for not complying or not fully complying with a provision are explained. In addition, details are provided for a number of provisions regarding their application within the company.

Best practice II.2.3

The components included in this best practice are incorporated into the option program that is in operation within the company.

Best practice II.2.4

Options are awarded at the discretion of the Supervisory Board. The best practice provision has been fulfilled with respect to the options that have been awarded as of 2013. For options provided up to and including 2012 may be exercised earlier than after three years providing the profit target has been met. If a Management Board member is not eligible for reappointment at the conclusion of a first appointment period, his or her options may be exercised up to three months following termination of employment. Options can furthermore be exercised without special restrictions should an offer for all the shares of the company be fulfilled.

Best practice II.2.8
The contract of employment with the Management Board members does not allow for the possibility of raising the maximum amount equal to one annual salary if the dismissal of the member concerned during the first appointment period should appear to be unreasonable. Beter Bed Holding N.V. thus applies a more stringent standard than laid down in the Corporate Governance Code.

Best practice II.2.10
The company shall apply this best practice rule as follows. Variable remuneration may be awarded to individual Management Board members according to the evaluation and partially at the discretion of the Supervisory Board. In 2015 the variable remuneration for the Chief Executive Officer was maximised at 60% of his gross fixed annual salary; 50% of this is related to the quantitative targets set periodically by the Supervisory Board and the other 50% depends on the achievement of qualitative targets. In 2015 the variable remuneration for the Chief Financial Officer was maximised at 50% of his fixed annual salary; 40% of this is related to achieving quantitative targets and the remaining 60% is related to achieving qualitative targets. The Supervisory Board can, at its discretion and only in the event of special circumstances, decide to adjust the variable remuneration.

Best practice II.2.11
Since the entry into force of Section 2:135 paragraph 8 of the Dutch Civil Code on 1 January 2014, the company has been treating the variable remuneration of the members of the Management Board in accordance with that provision.

Best practice II.3.4 en III.6.3
There were no transactions in 2015, regarding which there was a conflict of interest between Management Board members and/or Supervisory Directors, that are of material significance to the company and/or to the relevant Management Board members and/or Supervisory Directors.

Best practice III.4.3
The position of Secretary of the company will be fulfilled by an employee of the company, currently the Concern Controller.

Best practice III.5.14
The Selection and Appointment Committee will be formed by the entire Supervisory Board inview of the company's size.

Best practice III.6.4
There were no transactions in 2015 between the company and natural or legal persons holding at least 10% of the shares in the company that are of material significance to the company and/or the persons concerned.

The best practice provisions in section III.8, 'one-tier management structure', and section IV. 2, 'certification of shares', do not apply to the company.

Best practice IV.3.1
Webcasting will not be used to broadcast analysts' meetings and other meetings for the time being due to cost considerations. The dates of the meetings with analysts will be published on the website in advance and the presentation will be made available on the website before the meeting.

Best practice IV.3.11

The company has no outstanding or potential protection measures against a takeover of control of the company.

Best practice V.3.1 t/m V.3.3
The best practice provisions in section V.3. ('internal audit function') do not apply to the company, as the company, in view of its size, does not have an internal audit function. In accordance with best practice provision V.3.3., the Audit Committee reviews annually the need for an internal auditor.

Takeover directive

To the extent it has not been included in this annual report, the following information is provided pursuant to the Decree on Article 10 of the Takeover Directive:

Capital structure
The company's authorised share capital amounts to two million euros (€ 2,000,000). The company's issued share capital amounts to 21,955,562 ordinary shares, each with a nominal value of two euro cents (€ 0.02). Each share grants the right to one vote.

Limitations on the transfer of shares
Beter Bed Holding N.V. has not imposed any limitations on the transfer of ordinary shares. The company has not cooperated in the issue of any depositary receipts of shares.

Substantial holdings
A list of substantial holdings in Beter Bed Holding N.V. that are subject to a notification requirement pursuant to the relevant provisions of the Financial Supervision Act is provided in section share information (see page 13).

Special controlling rights
No special controlling rights are attached to shares in the company.

Employee stock option scheme
The company has implemented an employee stock option scheme, pursuant to which options on shares or new shares to be issued by the company are granted to the members of the Management Board and to the management teams of the various formulas.

Limitations on voting rights
Each share grants the right to one vote. The voting rights attached to shares in the company are not limited and the terms for exercising the voting rights are not limited.

Agreements on limitations on the transfer of shares
Beter Bed Holding is not cognisant of agreements with a shareholder that could give cause to a limitation on the transfer of shares or a limitation on voting rights.

Appointment and dismissal of members of the Management and Supervisory Boards, and amendments of the Articles of Association
The manner in which members of the Supervisory Board and Management Board are appointed and dismissed and the regulations governing amendments of the Articles of Association are specified in the company's Articles of Association.

Members of the Management Board are appointed by the Annual General Meeting following the nomination of one person (or of as many persons required for a binding decision as laid down by law) in a recommendation drawn up by the Supervisory Board. A nomination drawn up by the Supervisory Board in time is binding. However, the Annual General Meeting can overrule this binding recommendation with a resolution adopted by an absolute majority of the votes cast and representing at least one-third of the issued share capital. Each member of the Management Board is appointed or reappointed for a period of four years, unless provided otherwise in the resolution to appoint or reappoint the member of the Management Board concerned. The Annual General Meeting can suspend or dismiss a member of the Management Board. The Annual General Meeting can suspend or dismiss a member of the Management Board other than on the proposal of the Supervisory Board solely by means of a resolution adopted by an absolute majority of the votes cast and representing at least one-third of the issued share capital. The Supervisory Board can suspend a member of the Management Board.

Members of the Supervisory Board are appointed by the Annual General Meeting following the nomination of one person (or of as many persons required for a binding decision as laid down by law) in a recommendation drawn up by the Supervisory Board. The Supervisory Board offers the Works Council a timely opportunity to issue an opinion on the draft nomination drawn up by the Supervisory Board, and does not adopt the nomination until the Works Council has submitted an opinion, has given notification that it will not issue an opinion or has failed to make use of the opportunity to issue an opinion within a reasonable period of time. A nomination drawn up by the Supervisory Board in time is binding. However, the General Meeting can overrule this binding recommendation by means of a resolution adopted by an absolute majority of the votes cast and representing at least one-third of the issued share capital. The General Meeting can suspend or dismiss a member of the Supervisory Board. The General Meeting can suspend or dismiss a member of the Supervisory Board other than on the proposal of the Supervisory Board solely by means of a resolution adopted by an absolute majority of the votes cast and representing at least one-third of the issued share capital. Each member of the Supervisory Board shall retire at the latest on the day of the first General Meeting to be held after four years since his/her appointment, unless provided otherwise in the resolution to appoint him/her.

The Annual General Meeting is authorised to amend the Articles of Association following the submission of a proposal to that effect by the Management Board that has been approved by the Supervisory Board. The company shall consult with Euronext Amsterdam N.V. on the content of any proposal for an amendment of the Articles of Association before submitting the proposal to the General Meeting. Proposals for an amendment of the Articles of Association submitted to the General Meeting must always be stated in the notice convening the Annual General Meeting of Shareholders and, when an amendment of the Articles of Association is involved, a copy of the proposal containing the literal text of the amendment must also be made available for inspection at the company's office and at a depositary institution in Amsterdam or at another payment office as referred to in the general regulations and designated by Euronext Amsterdam N.V. in the notice convening the meeting. Copies of this proposal for an amendment must also be made available to shareholders and holders of depositary receipt rights, without charge, during the period until the end of the meeting. A notarial deed is drawn up of any amendment of the Articles of Association. The company submits the draft amendment of the Articles of Association to the Netherlands Authority for the Financial Markets and Euronext Amsterdam N.V., in any event no later than the date of the notice calling the General Meeting in which a vote will be taken on the amendment or in which the shareholders will be informed of the amendment.

The Management Board's powers

The Management Board's general powers are specified in the law and in the Articles of Association. The Management Board's powers to issue shares are specified in Article 10 and 11 of the Articles of Association.

The Annual General Meeting held on 19 May 2015 granted the Management Board a mandate for the issue of (the rights to) new shares to a maximum of 10% of the number of shares in issue. This mandate was granted for a period of 16 months from the date of this meeting of the Annual General Meeting.

The Management Board's powers to limit or exclude preferential rights are specified in Article 11 of the Articles of Association.

The Annual General Meeting held on 19 May 2015 granted the Management Board a mandate for the limitation or exclusion of preferential rights. This mandate was granted for a period of 16 months from the date of the Annual General Meeting.

The Management Board's powers to acquire/buy back shares in the company are specified in Article 13 of the Articles of Association.

The Annual General Meeting held on 19 May 2015 granted the Management Board a mandate for the acquisition/purchase of shares in the company to a maximum of 10% of the number of shares in issue. The purchase price may not exceed 10% of the average stock value during the five trading days prior to the acquisition. This mandate was granted for a period of 16 months from the date of this meeting of the Annual General Meeting.

Significant agreements and changes in the control of the company

The company is not a party to significant agreements that are concluded, amended or dissolved subject to the condition of a change in the control of the company following the issue of a public takeover bid as referred to in Article 5:70 of the Financial Supervision Act.

Redundancy agreements in the event of a public takeover bid

The company has not concluded agreements with any member of the Management Board or employees which provide for a redundancy payment in the event of a public takeover bid as referred to in Article 5:70 of the Financial Supervision Act.

SUPERVISORY BOARD

D.R. Goeminne
Chairman (1955)

Mr Goeminne earned his degree in Applied Economics from the University of Antwerp.

He has held management positions at a number of manufacturing and retail companies, and until 2007 he has served as Chairman of the Group Management of department store chain V&D (Vroom & Dreesmann) and as a member of the Executive Board of Maxeda (Vendex/KBB). He has been CEO at Ter Beke NV since 1 June 2013.

Mr Goeminne currently also serves on the Supervisory Boards of Stern Groep N.V. and Wielco BV and he is a non-executive Management Board member at Van de Velde NV, JBC NV and Wereldhave Belgium NV.

He holds Belgian nationality.

W.T.C. van der Vis
(1967)

Mr Van der Vis studied Business Administration at Nyenrode Business University and earned a Master of Business Administration (cum laude) at the Manchester Business School in the United Kingdom.

He served as CEO of Koninklijke Ahrend NV in Germany and the Czech Republic from 1994 to 1998. He was with the Pearle Europe Group (nowadays Grandvision) from 1998 to 2009, initially as CEO Central Europe operating from Germany and then from 2004 as Group CEO. He worked for Esprit Holdings Limited in Hong Kong as Executive Director of the Board & Group CEO until 2013.

Mr Van der Vis is also a Supervisory Director at Sonova Holding AG and Miktom Topco (BasicFit) B.V.

Mr Van der Vis holds Dutch nationality.

E.A. de Groot
(1965)

Ms De Groot earned a degree in Business Economics from the University of Amsterdam. She then went on to complete the Registered Investment Analyst course of study conducted by the Dutch Association of Investment Professionals (VBA).

From 1987 to 2012, she worked in the financial sector where she held a wide range of positions in the fields of financing, capital management and risk management. She has served in a number of roles including Executive Vice President at ABN AMRO (until 2008) and interim CFO at Van Lanschot Bankiers (2009/2010). She has been CFO and member of the management board at Schiphol Group since 1 May 2012. She is also a board member at Aéroports de Paris.

Beside Beter Bed Holding N.V. Ms De Groot also serves on the Supervisory Board of Vitens N.V.

She has Dutch nationality.

A.J.L. Slippens
Vice Chairman (1951)

Mr Slippens holds degrees in Food Technology from the University of Applied Sciences HAS in Den Bosch and in Business Administration from Nijenrode Business University.

From 1978 to September 2008, he successively served as Head of Purchasing, Deputy Director, Sales Director and CEO of Sligro Food Group N.V. He has furthermore served on advisory bodies at various family-owned companies.

Mr Slippens also serves on the Supervisory Board of Blokker Holding B.V. and Copaco B.V.

He holds Dutch nationality.

REPORT OF THE SUPERVISORY BOARD

General

The Supervisory Board is comprised of Ms E.A. de Groot, Mr D.R. Goeminne (Chairman), Mr A.J.L. Slippens (Vice Chairman) and Mr W.T.C. van der Vis. The CVs of the members of the Supervisory Board are included in the section Supervisory Board (see page 52). In accordance with the provisions of the Dutch Corporate Governance Code, all Supervisory Board members are independent.

Supervisory Directors are appointed for a period that runs up to and including the day of the first Annual General Meeting, which is held four years after their appointment. Supervisory Directors retire periodically in accordance with a schedule to be drawn up by the Board. The following retirement by rotation schedule applies:

Supervisory Director	Appointed	Reappointed	**Retirement/repappointment**
W.T.C. van der Vis	25 April 2013		AGM 2017
D.R. Goeminne	1 May 2010	19 May 2014	AGM 2018
A.J.L. Slippens	1 May 2010	19 May 2014	AGM 2018
E.A. de Groot	1 May 2011	19 May 2015	AGM 2019

2015 Results

The Supervisory Board was very satisfied to see the revenue and profit growth of Beter Bed Holding. The consistent execution of the policy defined by the Management Board and the sharp focus on revenue growth and profitability are very gratifying. The group's revenue increased by 5.9% to € 385.4 million in 2015. EBITDA rose € 9.8 million to € 41.1 million. The EBITDA margin improved from 8.6% to 10.7%.

Based on the strategy *'From Good to Great 2016 - 2020'* formulated in 2015 and considering the results achieved in 2015, the Supervisory Board is confident that the company will be able to expand and strengthen its position in the various countries.

Financial statements, discharge, dividend

The financial statements were prepared by the Management Board and our auditor, PwC Accountants N.V., subsequently issued an unqualified audit opinion with these financial statements. The report of PwC Accountants N.V. is included in independent auditor's report (see page 98). The Supervisory Board discussed the financial statements in detail in the presence of the Management Board and PwC Accountants N.V.

Following the publication of the trading update on the third quarter results in October 2015, the company decided to distribute an interim dividend of € 0.39 per share (2014: € 0.28). In accordance with the Management Board's proposal, we propose distributing a final dividend of € 0.48 This means that 85% of the profit for 2015 will be distributed in the form of shareholder dividends. This is in line with the dividend policy (see page 11), which was approved in the Annual General Meeting of Shareholders on 27 April 2005.

The Supervisory Board has approved the 2015 financial statements and proposes to adopt these at the Annual General Meeting of Shareholders to be held on 19 May 2016, and to discharge the members of the Management Board in respect of their management and the members of the Supervisory Board in respect of their supervision with regard to the financial year 2015.

Composition of the Supervisory Board

The members of the Supervisory Board are appointed by the Annual General Meeting. The Supervisory Board aims for an adequate balance of knowledge of, and experience with, the company's operations. The Board has established two committees: the Audit Committee and the Remuneration Committee. The Board fulfils the role of the Selection and Appointment Committee by itself, in accordance with the Dutch Corporate Governance Code.

Ms E.A. de Groot was reappointed as a member of the Supervisory Board for a period of four years at the Annual General Meeting on 19 May 2015.

Activities of the Supervisory Board

In 2015 the Supervisory Board was closely involved in developments related to Beter Bed Holding and its subsidiaries. During the reporting year, the Chairman regularly liaised with the Management Board in preparation for the meetings between the Supervisory Board and the Management Board. The former met with the latter on six occasions. Furthermore, the Supervisory Board also held four conference calls with the Management Board and convened privately on two occasions.

The Supervisory Board received regular, timely, detailed verbal and written updates from the Management Board throughout the year. Extensive attention was paid to the operating results of the various formulas and the group. In the autumn, the Supervisory Board approved the strategy drawn up by the Management Board. The Supervisory Board also visited the updated Matratzen Concord and Beddenreus formulas.

The company met with the external auditor on three occasions. The Supervisory Board was closely involved in the change of auditor that took place in 2015, with PwC Accountants N.V. succeeding Ernst & Young Accountants LLP.

In March 2015, the results for 2014 and the audit findings were discussed. The half-year results were discussed in August 2015, along with the results of the audit of the half-year results conducted by the external auditor.

The budget for 2016, which was discussed during the meeting of 17 December 2015, sets out the company's operational and financial targets, along with the policy that should ensure that these targets are achieved.

The performance of the Supervisory Board and that of the individual Supervisory Directors, the relationship with the Management Board and the composition of the Supervisory Board were discussed in closed meetings. The performance of the Management Board and the employee benefits policy were naturally on the agenda as well.

After an explanation provided by its Audit Committee, the Supervisory Board discussed the update of the risk assessment process with the Management Board. We believe that the procedures related to risk analysis, risk management, risk control and audits by the external auditor with respect to the AO/IC (Administrative Organisation and Internal Control) provide sufficient certainty for the in-control statement relating to the performance of the risk control and risk management system.

The Supervisory Board was pleased to see that the percentage of women in management positions within the group continued to increase.

Audit Committee

During the financial year, the Audit Committee was comprised of Ms De Groot (Chairman), Mr Goeminne and Mr Van der Vis. The composition of the Audit Committee is in accordance with the provisions of the Dutch Corporate Governance Code, with Ms De Groot serving as a financial expert. The Audit Committee's duty is to advise the Supervisory Board on, and assist it in, its responsibility to monitor the company's compliance with reporting and corporate governance requirements.

The Audit Committee convened on two occasions in the past financial year. The Audit Committee also discussed the change of auditor from Ernst & Young Accountants LLP to PwC Accountants N.V. twice with the Management Board via a conference call. At the end of each meeting, the Audit Committee met with the external auditor in the absence of the Management Board.

The Audit Committee extensively discussed the financial statements and the Report of the Management Board with the Management Board and the former external auditor, Ernst & Young Accountants LLP, and the transition report, the half-year results and associated management letters including the key audit subjects with the current external auditor, PwC Accountants N.V. The Audit Committee also focused on the audit plan for 2015, compliance with previous recommendations, tax issues, liquidity and funding, and the company's risk management and monitoring system.

The Audit Committee and the Management Board again established in 2015 that the company, in view of its size, complexity and system of internal controls, does not require an internal audit department.

Remuneration Committee

The Remuneration Committee is comprised of Ms De Groot, Mr Slippens (Chairman), Mr Goeminne and Mr van der Vis. In 2015, two committee meetings and frequent consultations were held. The Remuneration Committee also discussed the performance and remuneration of the top twenty managers of the organisation with the Management Board.

The remuneration report (see page 58) follows the Report of the Supervisory Board.

Management Board and Supervisory Board diversity

There are currently no women on the Management Board of the company and one of the four seats on the Supervisory Board is occupied by a woman. Beter Bed Holding N.V. consequently does not officially fulfil the requirement for a balanced distribution of seats (30% male/female).

Selection of members of the Management Board and Supervisory Board will continue to be based on broad experience, background, skills, knowledge and insights, with due regard for the importance of a balanced composition.

Conclusion

The Supervisory Board is aware of the broad interests represented by the company and of its responsibility towards all the company's stakeholders: shareholders, employees, customers, suppliers and financiers. We would therefore like to refer you to our website, www.beterbedholding.com, which always contains the most up-to-date information on the company.

We would like to emphasise that the result achieved in 2015 would not have been possible without the hard work of all our employees in the various European countries. We owe them a debt of gratitude.

Uden, The Netherlands, 10 March 2016

D.R. Goeminne, Chairman
A.J.L. Slippens, Vice Chairman
E.A. de Groot
W.T.C. van der Vis

REMUNERATION REPORT

Remuneration policy

The remuneration policy was approved by the Annual General Meeting on 23 April 2009 and partly revised during the Annual General Meeting in 2013. The full text is set out on the company's website. There have been no changes. The Remuneration Committee advises the Supervisory Board on the formulation of the remuneration policy and on fixing the individual remuneration of the members of the Management Board. The objective of the remuneration policy is to recruit, motivate and retain qualified executives, who allow Beter Bed Holding to achieve its strategic and operational objectives. The remuneration policy is performance-related, but must also be reasonably in line with that applying to other management team members taking into account the social context, corporate governance, and the interests of the stakeholders of Beter Bed Holding N.V.

Remuneration of the Management Board

The remuneration of the Management Board consists of the following components:

- Competitive fixed salary.
- Competitive pension scheme.
- Variable remuneration.
- Options for shares.
- Other employment benefits.

Competitive fixed salary

Establishment of market conformity is done on the basis of the knowledge and experience of the individual supervisory directors via a benchmark run, once every three years, by the Supervisory Board based on a reference group of around ten comparable companies. This benchmark was again performed at the start of 2015, after which the fixed salaries of both members of the Management Board were adjusted.

Competitive pension scheme

A defined contribution scheme is used at the company. The percentage of the defined contribution will be determined by taking into account the other companies with which the members of the Supervisory Board are affiliated as well as the maximum amount permitted under tax law. In 2015 the Chief Executive Officer and the Chief Financial Officer received a contribution equivalent to 30% and 25% of their fixed salaries, respectively.

Variable remuneration

The variable remuneration is largely result-related and is awarded partially at the discretion of the Supervisory Board. The maximum variable remuneration in 2015 for the Chief Executive Officer and the Chief Financial Officer amounted to 60% and 50% of the fixed salary respectively. The variable remuneration of the CEO is based for 50% on the achievement of quantitative objectives; the remaining 50% depends on the achievement of qualitative targets. The CFO's variable remuneration is based for 40% on the achievement of quantitative results while the remaining 60% is based on the achievement of qualitative objectives.

The budget is set at a level that the Supervisory Board deems to be challenging yet feasible at the time of determining the budget. The extent to which there are normal market conditions and whether there has been sound business practice are and will be taken into account when assessing the degree to which the quantitative objectives have been achieved.

The targets for the part of the variable pay that is dependent upon the quantitative targets were met in full and the qualitative targets linked to the strategic targets were met in part in 2015.

The table below shows the remuneration of Mr Anbeek and Mr Koops for 2015.

in thousand €	Total	Salary	Pension	Variable remuneration	Employee stock options[1]
A.H. Anbeek	727	350	105	180	92
B.F. Koops	478	250	63	91	74

1 Number of options granted multiplied by the value of the option at the time of granting.

Options for shares

As a long-term incentive, the company awards options for shares. These options are awarded to both the Management Board and the management teams of the various formulas. The characteristics of the options scheme are:

- an objective and formalised system for granting share options;
- granting of share options on the date of the Annual General Meeting;
- term of share options of five years with an exercise period of two years;
- granting and exercise price of the share options at the discretion of the Supervisory Board;
- no granting of share options during loss-making years;
- the share options will 'vest' three years after they have been granted, if and to the extent that, during each of the three years, Beter Bed Holding N.V.'s total shareholder return (TSR) has exceeded the TSR of AScX (using the year of issue as a basis), always for one-third portion of the share options granted.

The contracts of the Management Board members do not include change of control clauses. Should, however, an offer for all the shares in the company be fulfilled, all the options may be exercised regardless of the status of the achievement of the targets.

The Remuneration Committee will evaluate the operation of the options scheme in 2016.

When formulating the remuneration policy and determining the individual remuneration, the Remuneration Committee carried out the scenario analyses referred to in the Corporate Governance Code best practice II.2.1.

At year-end 2015, Mr Anbeek (CEO) and Mr Koops (CFO) held the following options for shares in Beter Bed Holding N.V.:

	2015		2014		2013		2011		2010	
	CEO	**CFO**	CEO	CFO	CEO	CFO	CEO	CFO	CEO	CFO
Number (in 1,000)	**50**	**40**	40	32	50	-	50	-	50	-
Value of each option at time of awarding	**€ 2.45**		€ 1.84		€ 1.57		€ 1.58		€ 3.54	
Exercise price	**€ 22.79**		€ 17.37		€ 14.09		€ 14.67		€ 19.07	
Expiry date	**19 May 2020**		19 May 2019		25 April 2018		28 April 2017		29 April 2016	
Profit target in millions of €	**-**		-		-		32		32	
Target	**TSR>AScX**		TSR>AScX		TSR>AScX		-		-	
Target achieved	**No**		Partly (33,3%)		No		No		No	

The value upon grant was determined for the series 2010 and 2011 by means of an actuarial calculation using the Black & Scholes model. The value for the 2013 and subsequent series is derived from Black & Scholes in combination with Monte Carlo simulations.

If the Chief Financial Officer is not eligible for reappointment after his first period in office, the share options granted in May 2014 can be exercised by him up to three months after the termination of his employment.

Other employment benefits
Both members of the Management Board have a lease car.

Remuneration of the Supervisory Board

The proposal to adjust the fees for members of the Supervisory Board with effect from 1 January 2015 was approved in the Annual General Meeting of Shareholders held on 19 May 2015.

With effect from that date, the fees are as follows:

- Supervisory Director fee € 21,000.
- Fee for committee membership € 4,500.
- Extra fee for Chairman € 10,000.

The Supervisory Board fees were as follows in 2015 (in EUR):

Supervisory Director	Supervisory Board	Audit-committee	Remuneration-committee	Chairman	**Total 2015**	Total 2014
D.R. Goeminne	21,000	4,500	4,500	10,000	**40,000**	37,000
A.J.L. Slippens	21,000	-	4,500	-	**25,500**	22,500
E.A. de Groot	21,000	4,500	4,500	-	**30,000**	27,000
W.T.C. van der Vis	21,000	4,500	4,500	-	**30,000**	27,000

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Per 31 december

in thousand €	Notes	2015	2014
Fixed assets			
Tangible assets	1. 12.		
Land		**7,132**	5,460
Buildings		**3,999**	3,240
Other fixed operating assets		**23,389**	20,189
		34,520	28,889
Intangible assets	2. 12.		
Intangible operating assets		**3,477**	3,517
Financial assets	3.		
Deferred tax assets		**1,185**	497
Long-term accounts receivable		**395**	271
		1,580	768
Total fixed assets		**39,577**	33,174
Current assets			
Inventories	4.		
Finished products and goods for resale		**57,926**	53,481
Receivables	5.		
Trade accounts receivable		**1,920**	2,027
Other receivables		**6,742**	5,528
Income tax receivable	17.	**-**	2,030
		8,662	9,585
Cash and cash equivalents	6.	**25,512**	20,883
Total current assets		**92,100**	83,949
Total assets		**131,677**	117,123

Per 31 december

in thousand €	Notes	2015	2014
Equity			
Equity attributable to equity holders of the parent	7.		
Issued share capital		**439**	438
Share premium account		**18,434**	17,673
Reserve for currency translation differences		**1,097**	814
Revaluation reserve		**2,812**	2,847
Other reserves		**30,409**	30,003
Retained earnings		**22,559**	16,860
Total equity		**75,750**	68,635
Liabilities			
Non-current liabilities			
Provisions	8.	**538**	1,251
Deferred tax liabilities	9.	**2,279**	2,218
		2,817	3,469
Current liabilities	10.		
Trade payables		**22,903**	17,517
Profit tax payable		**2,231**	-
Taxes and social security contributions		**8,368**	7,304
Other liabilities		**19,608**	20,198
		53,110	45,019
Total liabilities		**55,927**	48,488
Total equity and liabilities		**131,677**	117,123

CONSOLIDATED PROFIT AND LOSS ACCOUNT

in thousand €	Notes	2015		2014	
Revenue	12.	**385,440**		363,953	
Cost of sales		**(163,225)**		(155,300)	
Gross profit		**222,215**	**57.7%**	208,653	57.3%
Wage and salary costs	13.	**92,176**		89,858	
Depreciation, amortisation and impairment of assets	15.	**9,825**		8,242	
Other operating expenses	16.	**89,515**		87,511	
Total operating expenses		**191,516**	**49.7%**	185,611	51.0%
Operating profit (EBIT)		**30,699**	**8.0%**	23,042	6.3%
Finance income		**368**		66	
Finance costs		**(419)**		(365)	
Profit before taxation		**30,648**	**8.0%**	22,743	6.2%
Income tax expense	17.	**(8,089)**		(5,883)	
Net profit		**22,559**	**5.9%**	16,860	4.6%
Earnings per share	19.				
Earnings per share in €		**1.03**		0.77	
Diluted earnings per share in €		**1.02**		0.77	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousand €	2015			2014		
	Gross	**Tax**	**Net**	Gross	Tax	Net
Profit	**30,648**	**(8,089)**	**22,559**	22,743	(5,883)	16,860
Non-recyclable:						
Change in revaluation reserve						
- due to revaluation of land	**(47)**	**12**	**(35)**	-	-	-
Recyclable:						
Movements in reserve for						
currency translation differences	**283**	**-**	**283**	59	-	59
Total comprehensive income	**30,884**	**(8,077)**	**22,807**	22,802	(5,883)	16,919

CONSOLIDATED CASH FLOW STATEMENT

in thousand €	**2015**	2014
Cash flow from operating activities		
Operating profit	**30,699**	23,042
Interest paid	**(51)**	(305)
Income tax paid	**(4,443)**	(7,143)
Depreciation, amortisation and impairments	**9,825**	8,242
Costs (Release) employee stock options	**192**	(439)
Movements in:		
– Inventories	**(4,445)**	2,068
– Receivables	**(1,104)**	(120)
– Provisions	**(713)**	(1,427)
– Current liabilities	**5,857**	10,353
– Other	**192**	42
	36,009	34,313
Cash flow from investing activities		
Additions to (in)tangible assets	**(15,963)**	(13,211)
Disposals of (in)tangible assets	**591**	1,004
Changes in non-current receivables	**(124)**	6
	(15,496)	(12,201)
Cash flow from financing activities		
Repayment of loan	**-**	(1,000)
Share (re)issuance	**803**	1,851
Dividend paid	**(16,687)**	(7,659)
	(15,884)	(6,808)
Change in net cash and cash equivalents	**4,629**	15,304
Cash and cash equivalents at the end of the financial year	**25,512**	20,883
Current bank overdraft not including repayment obligations at the end of the financial year	**-**	-
Net cash and cash equivalents at the end of the financial year	**25,512**	20,883
Cash and cash equivalents at the beginning of the financial year	**20,883**	9,554
Current bank overdraft not including repayment obligations at the beginning of the financial year	**-**	(3,975)
Net cash and cash equivalents at the beginning of the financial year	**20,883**	5,579
Change in net cash and cash equivalents	**4,629**	15,304

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousand €	Total	Issued share capital	Share premium reserve	Reserve for currency translation	Revaluation reserve	Other reserves	Retained earnings
Balance on 1 Jan. 2014	**57,963**	**436**	**16,145**	**755**	**2,847**	**29,582**	**8,198**
Net profit 2014	16,860	-	-	-	-	-	16,860
Other components of comprehensive income 2014	59	-	-	59	-	-	-
Profit appropriation 2013	-	-	-	-	-	8,198	(8,198)
Final dividend 2013	(1,526)	-	-	-	-	(1,526)	-
Interim dividend 2014	(6,133)	-	-	-	-	(6,133)	-
(Re)issuance of shares	1,851	2	1,528	-	-	321	-
Release of employee stock options	(439)	-	-	-	-	(439)	-
Balance on 31 Dec. 2014	**68,635**	**438**	**17,673**	**814**	**2,847**	**30,003**	**16,860**
Net profit 2015	22,559	-	-	-	-	-	22,559
Other components of comprehensive income 2015	248	-	-	283	(35)	-	-
Profit appropriation 2014	-	-	-	-	-	16,860	(16,860)
Final dividend 2014	(8,124)	-	-	-	-	(8,124)	-
Interim dividend 2015	(8,563)	-	-	-	-	(8,563)	-
Issuance of shares	803	1	761	-	-	41	-
Costs of employee stock options	192	-	-	-	-	192	-
Balance on 31 Dec. 2015	**75,750**	**439**	**18,434**	**1,097**	**2,812**	**30,409**	**22,559**

GENERAL NOTES

General

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through the chains Beter Bed, Matratzen Concord, El Gigante del Colchon and Beddenreus.
Beter Bed Holding is also active in the field of developing and wholesaling branded products in the bedroom furnishing sector via its subsidiary DBC International. The registered office of Beter Bed Holding N.V. is in Uden, the Netherlands.

The consolidated financial statements have been prepared on a historical cost basis, except for land, which is carried at fair value. The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted in the European Union and their interpretations as approved by the International Accounting Standards Board (IASB). Unless expressly stated otherwise, the amounts stated in these notes refer to the consolidated figures. The consolidated financial statements have been prepared in euros and all amounts have been rounded off to thousands (€ 000), unless stated otherwise.

Certain prior-year amounts have been reclassified in line with the presentation for the year under review. These reclassifications relate mainly to the cash flow statement.

The 2015 consolidated financial statements of Beter Bed Holding N.V. have been prepared by the Management Board and discussed in the meeting of the Supervisory Board on 10 March 2016. These financial statements are still to be adopted by the shareholders. The adoption of the financial statements has been placed on the agenda of the Annual General Meeting of Shareholders on 19 May 2016. Pursuant to Section 402 of Book 2 of the Dutch Civil Code, the company financial statements contain an abbreviated profit and loss account.

Application of new standards

Insofar as applicable, the company applied the following new and revised IFRS standards and IFRIC interpretations that are relevant for the company:

IAS 19	Employee benefits – Defined Benefit Plans, effective 1 February 2015.
IFRIC 21	Levies Charged by Public Authorities, effective 17 June 2014.

Annual Improvements to IFRSs 2012, effective 1 February 2015.
Annual Improvements to IFRSs 2013, effective 1 January 2015.

The application of these standards and interpretations had no material effect on the company's financial position and results.

The following standards and interpretations were issued on the date of publication of the financial statements, but were not yet effective for the 2015 financial statements. Only those standards and interpretations are listed below that Beter Bed Holding N.V. reasonably expects to have an impact on the disclosures, the financial position or the results of the company upon future application. Beter Bed Holding N.V. intends to apply these standards and interpretations as soon as they become effective. Although its exact effects cannot be estimated yet at present, the new standard for leases, effective 1 January 2019, is expected to have a substantial impact on the disclosures and the financial position of Beter Bed Holding N.V.

IFRS 16	Leases, effective 1 January 2019.
IAS 16	Property, Plant and Equipment – Depreciation, effective 1 January 2016.
IAS 38	Intangible Assets – Amortisation, effective 1 January 2016.
IFRS 10	Consolidated Financial Statements, effective 1 January 2016*.
IAS 1	Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016*.
IFRS 15	Revenue from contracts with customers, effective 1 January 2018*.
IFRS 9	Financial instruments, effective 1 January 2018*.

Annual Improvements to IFRSs 2014 (published September 2014), effective 1 January 2016*.

** Not yet endorsed by the European Union.*

The company has taken note of the improvements and is currently assessing their consequences.

Principles of consolidation

New group companies are included in the consolidation at the time at which the company can exercise effective control over the company, because Beter Bed Holding holds the majority of voting rights or can control the financial and operating activities in another manner. The information is accounted for on the basis of full consolidation using uniform accounting policies. All intercompany balances and transactions, including unrealised gains on intercompany transactions, are eliminated in full.

The following companies are involved in the consolidation of Beter Bed Holding N.V. and its participating interests.

Name of statutory interest	Registered office	Interest %
BBH Beteiligungs GmbH	Cologne, Germany	100
BBH Services GmbH & Co K.G.	Cologne, Germany	100
Bedden & Matrassen B.V.	Uden, The Netherlands	100
Beter Bed B.V.	Uden, The Netherlands	100
Beter Bed Holding N.V. y Cia S.C.	Barcelona, Spain	100
Beter Beheer B.V.	Uden, The Netherlands	100
DBC International B.V.	Uden, The Netherlands	100
DBC Nederland B.V.	Uden, The Netherlands	100
DBC Deutschland GmbH	Cologne, Germany	100
El Gigante del Colchón S.L.	Barcelona, Spain	100
Linbomol S.L.	Barcelona, Spain	100
M Line Bedding S.L.	Barcelona, Spain	100
Madrasser Concord ApS	Copenhagen, Denmark	100
Matratzen Concord (Schweiz) AG	Malters, Switzerland	100
Matratzen Concord GmbH	Cologne, Germany	100
Matratzen Concord GmbH	Vienna, Austria	100
Procomiber S.L.	Barcelona, Spain	100
Schlafberater.com GmbH	Cologne, Germany	100
Literie Concorde SAS	Reichstett, France	100

Principles for the translation of foreign currencies

The consolidated financial statements have been prepared in euros. The euro is the functional currency of Beter Bed Holding N.V. and the reporting currency of the group. Assets and liabilities in foreign currencies are translated at the rate of exchange on the balance sheet date; profit and loss account items are translated at the rate of exchange at the time of the transaction. The resultant exchange differences are credited or debited to the profit and loss account. Exchange differences in the financial statements of foreign group companies included in the consolidation are taken directly to equity through other comprehensive income. The results and assets and liabilities of consolidated foreign participating interests are translated into euros at the average exchange rate per month and the closing rate for the year under review. On the disposal of a foreign entity, the deferred accumulated amount recognised in equity for the foreign entity concerned is taken through the profit and loss account.

Accounting policies

Property, plant and equipment

Items of property, plant and equipment other than land are valued at the cost of purchase or construction less straight-line depreciation based on the expected economic life or lower recoverable amount. Land is carried at fair value on the basis of periodic valuations by an outside expert. Any revaluations are recognised in equity through other comprehensive income, with a provision for deferred taxation being formed at the same time. Land and items of property, plant and equipment in the course of construction are not depreciated.

Items of property, plant and equipment are derecognised in the event of disposal or if no future economic benefits are expected from its use or disposal. Any gains or losses arising from its derecognition (calculated as the difference between the net proceeds on disposal and the carrying amount of the asset) are taken through the profit and loss account for the year in which the asset is derecognised. The residual value of the asset, its useful life and valuation methods are reviewed and if necessary adapted at the end of the financial year.

Leases

The determination whether an arrangement forms or contains a lease is based on the substance of the agreement and requires an assessment to determine whether the execution of the agreement is dependent upon the use of a certain asset or certain assets and whether the agreement gives the right to actually use the asset. Beter Bed Holding only has operating leases. Operational lease payments are recorded as expenses in the profit and loss account on a straight-line basis over the term of the lease.

Intangible assets

Initial measurement of intangible assets is at cost. The cost of intangible assets obtained through an acquisition is equal to the fair value as of the acquisition date. Thereafter, valuation is at cost minus accumulated amortisation and impairments. Development costs are capitalised when they are likely to generate future economic benefits.

Intangible assets are assessed in order to determine whether they have a finite or indefinite useful life.

Intangible assets are amortised over their useful life and tested for impairment if there are indications that the intangible asset may be impaired. The amortisation period and method for an intangible asset with a finite useful life are assessed in any event at the end of each period under review. Any changes in the expected useful life or expected pattern of the future economic benefits from the asset are recognised by means of a change in the amortisation period or method and must be treated as a change in accounting estimate. Amortisation charges on intangible assets with a finite useful life are recognised in the profit and loss account.

Any gains or losses arising from the derecognition of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognised.

Impairment of assets
The company reviews at each reporting date whether there are indications that an asset has been impaired. If there is any such indication or if the annual impairment testing of an asset is required, the company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of the fair value of an asset or the cash-generating unit (after deduction of the selling costs) and the value in use. If an asset's carrying amount exceeds the recoverable amount, the asset is deemed to have been impaired and its value is written down to the recoverable amount. When assessing the value in use, the present value of the estimated future cash flows is determined, applying a discount rate before tax that takes into account the current market assessment of the time value of money and the specific risks associated with the asset.

An assessment is made on each reporting date of whether there are indications that an impairment loss recognised in prior periods no longer exists or has decreased. If there is any such indication, the recoverable amount is estimated. An impairment loss recognised in prior periods is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In that case, the carrying amount of the asset is increased to the recoverable amount. This increased amount cannot exceed the carrying amount that would have been determined (net of amortisation) if no impairment loss had been recognised for the asset in prior years. Any such reversal is recognised in profit or loss.

Derecognition of financial assets and liabilities
A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognised if the group is no longer entitled to the cash flows from that asset or if substantially all risks and rewards of the asset have been transferred or – if substantially all risks and rewards of the asset have not been transferred – the entity has transferred 'control' of the asset.

A financial liability is derecognised when the obligation has been discharged or cancelled or has expired. If an existing financial liability is replaced by another from the same lender, under substantially different terms, or if substantial modifications are made to the terms of the existing liability, the replacement or modification is accounted for by recognising the new liability in the balance sheet and derecognising the original liability. The difference between the relevant carrying amounts is recognised in profit or loss.

Taxation
Tax liabilities for current or prior years are valued at the amount that is expected to be paid to the tax authorities. The amount is calculated on the basis of the tax rates set by law and enacted tax laws.

A provision is formed for deferred tax liabilities based on the temporary differences on the balance sheet date between the tax base of assets and liabilities and the carrying amount in these financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. The deferred tax liabilities are valued at nominal value.

Deferred tax assets are recognised for available tax loss carryforwards and deferred tax assets arising from temporary differences at the balance sheet date between the tax base of assets and liabilities and the carrying amount in these financial statements. They are valued at nominal value. Deferred tax assets arising from future tax loss carryforwards are only recognised to the extent that it is probable that sufficient future taxable profit will be available against which they can be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on applicable tax rates and enacted tax laws.

Inventories
Inventories are valued at the lower of cost and net realisable value. The cost consists of the purchase price on the basis of weighted average purchase prices less purchase discounts and plus additional direct costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs for settling the sale. Unrealised intercompany gains and losses are eliminated from the inventory valuation.

Cash and cash equivalents
Cash and cash equivalents on the balance sheet consist of bank balances and cash.

Provisions
Provisions are recognised for legal or constructive obligations existing at the balance sheet date for which it is probable that an outflow of resources will be required and whose amount can be reliably estimated. Provisions are carried at the best estimate of the amounts required to settle the obligation at the balance sheet date, which is the nominal amount of the expenditure expected to be required, unless stated otherwise.

Other assets and liabilities
Other assets and liabilities are valued at amortised cost. Where necessary an allowance for doubtful debts is applied for receivables. The notes contain a specification of any differences between the market value of these assets and liabilities and the amounts stated in the balance sheet.

Determination of the result

Revenue
The revenue is understood as the proceeds of the sale of goods and services to third parties less discounts and similar rebates, and sales taxes. Sales are recognised as revenue when the goods are delivered to consumers and other customers and all significant risks and rewards of ownership of the goods have been transferred to the buyer.

Cost of sales
This comprises the cost of the goods and services included in sales, after deduction of any payment discounts and purchase bonuses received, increased by directly attributable purchase and supply costs.

Expenses
The costs are determined in accordance with the aforementioned accounting policies, and are allocated to the financial year to which they relate. Interest is recognised as an expense in the period to which it relates.

Pensions
A variety of pension schemes are in use within the company. In the Netherlands, the majority of the employees participate in the Wonen Industrial Pension Fund. This is an average pay scheme with a maximum pension accrual on the income for social security contributions. This arrangement is currently considered a 'defined benefit' scheme. This pension fund is not, however, able at present to provide data that enable a strict application of IAS 19. The principal reason for this is that the company's share in the Wonen Industrial Pension Fund cannot be sufficiently reliably determined. Consequently this pension scheme is accounted for as a defined contribution scheme.

Virtually all other pension schemes are defined contribution schemes. The contributions paid to the Wonen Industrial Pension Fund and to insurers respectively are recognised as expenses in the year to which they relate. There are no company-specific pension schemes in the other countries.

Depreciation and amortisation
Depreciation and amortisation is calculated using the straight-line method based on the expected economic life. Additions in the year under review are depreciated c.q. amortised from the date of purchase.

Cash flow statement

The cash flow statement is prepared using the indirect method. The 'cash and cash equivalents' item stated in the cash flow statement can be defined as cash and cash equivalents less current bank overdrafts, inasmuch as this does not relate to the current component of non-current loans. Current bank overdrafts are an integral part of cash flow management.

Share-based transactions

Members of the Management Board and a few other employees of the company receive remuneration in the form of payment transactions based on shares, whereby these employees provide certain services in return for capital instruments (transactions settled in equity instruments). The costs of the transactions settled with employees in equity instruments are valued at the fair value on the date of grant. Fair value is determined on the basis of a combined model of Black & Scholes and Monte Carlo simulations. Performance conditions are taken into account when determining the value of the transactions settled in equity instruments.

The costs of the transactions settled in equity instruments are recognised, together with an equal increase in equity, in the period in which the conditions relating to the performance and/or services are met, ending on the date on which the employees concerned become fully entitled to the grant (the date upon which it vests). The accumulated costs for transactions settled in equity instruments on the reporting date reflect the degree to which the vesting period has expired and also reflects the company's best estimate of the number of equity instruments that will eventually vest. The amount that is charged to the profit and loss account for a certain period reflects the movements in the accumulated expense.

Risks

The main financial risk consists in failing to achieve the budgeted revenue and therefore the planned cash margins, mainly as a result of changes in consumer behaviour in response to changing economic conditions. Revenues and order intakes for each formula are reported on a daily basis to manage this risk. On a weekly basis, data on realised margins, numbers of visitors, conversion and average tickets are added to them and commented on.

On the basis of the analyses, adjustments are made in the utilisation of marketing tools, including pricing policy and the use of advertising. In addition, cost budgets are periodically reviewed and adjusted if necessary. Economic and macroeconomic information from the market, including sector-specific reports, is also utilised.

Currency risks, arising mainly from purchases in dollars, are not hedged. A 5% change in the average dollar exchange rate would, on the basis of the purchasing volumes in the financial year, produce an effect of approximately € 192 (2014: € 136) on the operating profit (EBIT) if sales prices remain the same. There are virtually no financial instruments in foreign currencies. The currency risks owing to the presence and/or transactions in Switzerland and the potential volatility of the Swiss franc are considered to be limited due to the fact that the majority of goods purchases takes place in euros.

Owing to the current capital structure of the company, interest rate risk is very limited. The effect on the result of a change (increase or decrease) in the interest rate of 50 basis points would be € 0 before tax (2014: € 0), on the basis of the use of the credit facilities at year-end 2015. The carrying amount of the financial liabilities is virtually equal to the fair value.

Credit risk is limited to the wholesale operations and trade receivables under bonus agreements. No specific measures are required for this, in addition to standard credit control. The fair value of receivables is equal to their carrying amount. The maximum credit risk equals the carrying amount of the receivables.

Liquidity risk is not very significant, owing to the nature of the company's operations and financial position. A description of the available credit facilities can be found in the chapter current liabilities (see page 83). For an explanation of the other risks, please refer to the related section of the Report of the Management Board (see page 28).

Capital management

The company has a target solvency (equity/total assets) of at least 30% in accordance with the dividend policy. In addition, the ratio of net interest-bearing debt/EBITDA must not exceed two. The item inventories is by far the most important in the working capital. Targets have been defined for this for each formula. These variables are included in the weekly reports.

Solvency at year-end 2015 was 57.5% (2014: 58.6%). The net interest-bearing–debt/EBITDA ratio was 0.0 in 2015 (2014: 0.0).

EBITDA is defined as operating profit or loss before deprecation and amortisation of non-current assets and before disposals of non-current assets. Until 2015, the operating profit or loss was not adjusted for disposals in calculating EBITDA.

Information by segment

Various operating segments are identified within the group as they are reviewed by the decision-makers within the entity. These operating segments independently earn revenues and incur expenses. The principal operating segments are comparable in each of the following respects:

- Nature of the products and services
  The operating segments primarily sell mattresses, bedroom furnishings (including box springs), bed bases and bed textiles. The operating segments also provide the home delivery service.
- Customers for the products and services
  The operating segments sell direct to consumers, focusing specifically on customers in the 'value for money' segment.
- Distribution channels for the products and services
  The operating segments generate their revenue in stores (the offline retail channel) and also have a webshop (online retail channel). Online revenue compared with total revenue is similar for the operating segments.
- Economic characteristics
  The operating segments have similar economic characteristics, e.g. in terms of revenue, gross profit and inventory turnover rate.

In view of the comparability of the above characteristics, the operating segments are aggregated into a single reportable segment.

Seasonal pattern

Owing to the seasonal pattern in consumer demand, revenue and net profit are usually lower in the second and third quarter than in the first and fourth quarter.

Estimates

In preparing the financial statements, the Management Board is required to exercise judgment, make assumptions and estimates that affect the application of the accounting standards and the valuation of the recognised assets and liabilities and income and expenses. Owing to those judgments, assumptions and estimates, the actual valuation may subsequently differ materially from the reported valuation.

The actual timing of the utilisation of amounts in provisions is uncertain when determining them beforehand. Judgments, assumptions and estimates are continually reviewed and are based on historical experience and other factors, including future expectations. These future expectations are based on reasonable expectations concerning the relevant factors affecting the financial statement item concerned.

Adjustments of estimates are recognised in the period in which those adjustments are made and, where relevant, in the future periods concerned.

Where significant estimates are made when drawing up the financial statements, an explanation is provided in the notes for each item in question. Accounting estimates were applied mainly for the measurement of intangible assets and property, plant and equipment and the provision for onerous contracts and taxation.

Accounting for acquisitions

Acquisitions are accounted for on the basis of the *purchase accounting* method. From the date of acquisition, the results and the identifiable assets and liabilities of the acquired company are included in the consolidated financial statements. The date of acquisition is the date on which control can be exercised in the company concerned. The purchase price comprises the cash amount or equivalent thereof that has been agreed to acquire the acquiree plus any directly attributable costs. Any amount by which the purchase price exceeds the net amount of the fair value of the identifiable assets and liabilities is capitalised as goodwill under intangible assets. If the purchase price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (badwill) is credited to profit or loss.

Acquisition of BettenMax

On 22 October 2015, Beter Bed Holding N.V. acquired, through its wholly-owned subsidiary Matratzen Concord GmbH, established in Vienna, Austria, all shares in BettenMax GmbH, established in Heiligenkreuz, Austria, from Bettissimo AG, established in Gütersloh, Germany. On 27 November 2015, a merger took place between Matratzen Concord and BettenMax with retroactive effect to 1 March 2015, in which Matratzen Concord GmbH was the acquirer.

Both Matratzen Concord and BettenMax are Austrian retailers in the field of mattresses and bed textiles. Both are active in the 'value-for-money' segment. The BettenMax formula matches the business model and the retail format of Matratzen Concord and operational, commercial and financial synergies can be realised. With the acquisition of BettenMax, Beter Bed Holding will obtain both market leadership and nation-wide coverage.

The purchase amount for the shares has been set at one euro. The net fair values of the assets and liabilities of BettenMax were respectively € 2,193 and € 1,800 at the acquisition date. The badwill involved in the acquisition therefore amounted to € 393. This badwill arose mainly due to the capitalisation of tax losses available for set-off of some € 0.8 million. The badwill has been recognised as income in other expenses.

The revenue of the acquired activities from 22 October to 31 December 2015 amounted to € 1.5 million. The operating profit in this period amounted to € 0.1 million negative.

NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

in thousand €, unless otherwise stated

1. Property, plant and equipment

	Land	Buildings	Other fixed operating assets	Total
Book value 1 January 2014	**5,460**	**3,515**	**16,616**	**25,591**
Additions	-	79	11,293	11,372
Currency adjustment	-	-	17	17
Disposals	-	-	(1,002)	(1,002)
Depreciation	-	(354)	(6,735)	(7,089)
Book value 31 December 2014	**5,460**	**3,240**	**20,189**	**28,889**
Accumulated depreciation	-	5,953	72,550	78,503
Accumulated revaluation	(3,797)	-	-	(3,797)
Purchase price	**1,663**	**9,193**	**92,739**	**103,595**
Book value 1 January 2015	**5,460**	**3,240**	**20,189**	**28,889**
Additions	**1,719**	**1149**	**11,725**	**14,593**
Revaluation	**(47)**	**-**	**-**	**(47)**
Currency adjustment	**-**	**-**	**82**	**82**
Disposals	**-**	**-**	**(591)**	**(591)**
Depreciation	**-**	**(390)**	**(8,016)**	**(8,406)**
Book value 31 December 2015	**7,132**	**3,999**	**23,389**	**34,520**
Accumulated depreciation	**-**	**6,343**	**70,314**	**76,657**
Accumulated revaluation	**(3,750)**	**-**	**-**	**(3,750)**
Purchase price	**3,382**	**10,342**	**93,703**	**107,427**

The additions to land and the majority of the additions to buildings relate to the acquisition of the distribution centre in Nieuw-Vennep that was previously rented.

The (reversal of the) revaluation of € 47 relates to the land in Uden, Nieuw-Vennep and Hoogeveen, as well as the value of the land forming part of the retail properties owned. These retail properties are located in Elst, Den Helder, 's Hertogenbosch and Uden. The land forming part of the retail properties was valued on 30 June 2015 and the land forming part of the distribution centres in Uden and Hoogeveen was valued on 25 November 2015, both by an independent valuer. The valuation of the distribution centre in Nieuw-Vennep was performed on 25 July 2014 by an independent valuer. The valuations have been performed using the rental value capitalisation method.

As a result of the modification of the Beter Bed stores and some of the Matratzen Concord stores to the updated image and the new logo a disposal with a carrying amount of € 591 took place; the cost of these other non-current operating assets was € 11,099.

The items of property, plant and equipment are intended for own use.

2. Intangible assets

	2015	2014
Book value 1 January	**3,517**	2,833
Additions	**1,370**	1,839
Currency adjustment	**9**	-
Disposals	**-**	(2)
Amortisation	**(1,419)**	(1,153)
Book value 31 December	**3,477**	3,517
Accumulated amortisation	**6,260**	4,839
Purchase price	**9,737**	8,356

The intangible operating assets consist mainly of licences and software

3. Financial assets

The financial assets consist on the one hand of non-current receivables of € 395 (2014: € 271) and on the other of deferred tax assets of € 1,185 (2014: € 497).

The non-current receivables relate to guarantee deposits for the rental agreements for stores. These are classified under financial assets due to the non-current nature of these receivables.

The deferred tax assets at 31 December 2015 can be broken down as follows:

	2015	2014
Tax loss carryforwards	**632**	31
Difference tax and financial reporting valuation (in)tangible assets	**291**	323
Difference tax and financial reporting valuation pension	**251**	141
Difference tax and financial reporting valuation stock	**11**	2
Balance at 31 December	**1,185**	497

At year-end 2015, a deferred tax asset of € 632 (2014: € 31) was recognised in financial assets for future loss carryforwards. This asset arose on the acquisition of BettenMax. At the time of the acquisition, BettenMax had tax losses available for carryforward that had not been capitalised. As Beter Bed Holding expects, on the basis of the currently available information, to be able to set off these tax losses within five years, they have been capitalised in full.

An amount of € 8,824 (2014: € 7,623) in loss carryforwards has not been recognised. Beter Bed Holding's policy is that tax losses available for carryfoward are capitalised only if reasonable possibilities for set-off are expected within five years on the basis of a substantiated forecast of the results for tax purposes. Set-off of these losses is insufficiently probable on the basis of the currently available information. These tax losses available for carryfoward expire as follows:

Term	
1 year	-
2 to 5 years	-
6 to 10 years	695
11 to 15 years	4,220
Indefinite	3,909

Movements in deferred tax assets in 2015 and 2014 were as follows:

	2015	2014
Balance at 1 January	**497**	549
Through profit and loss account	**(70)**	(52)
From takeover subsidiary	**758**	-
Through equity	**-**	-
Balance at 31 December	**1,185**	497

4. Inventories

This comprises inventories held in stores of € 50,962 (2014: € 47,923) and inventories held in warehouses of € 6,964 (2014: € 5,558). The write-down for possible obsolescence included in this item can be broken down as follows:

	2015	2014
Balance at 1 January	**1,673**	2,357
Additions	**806**	82
Withdrawals	**(846)**	(766)
Balance at 31 December	**1,633**	1,673

In view of the amount of the gross profit, the turnover rate and the fact these products are generally not dependent on trends to any significant extent, the risk of obsolescence of inventories is comparatively low. The prices realised in sales of obsolescent inventories usually exceed their cost.

The provision for obsolescent inventories consists mainly of returned goods that cannot be returned to suppliers, damaged products, showroom products, products that will no longer be carried and products with a very low turnover. The direct net realisable value is estimated for each of these categories. If the carrying amount exceeds the direct net realisable value, the inventories are written down by this difference.

The total carrying amount of inventories for which there is a risk of obsolescence is € 3,240 (2014: € 3,616). The direct net realisable value of these inventories is € 1,607 (2014: € 1,943). Therefore the percentage of inventories for which there is a risk of obsolescence compared with total inventories was 5.4% (2014: 6.6%).

5. Receivables

All receivables fall due within less than one year and are carried at amortised cost, which is equal to the nominal value. Sales in stores and deliveries are settled in cash. Receivables relate mainly to receivables due from wholesale customers and trade receivables arising from agreed bonuses.

Provisions are recognised for individual receivables if there are objective indications that the probability of uncollectibility for them exceeds 50%. This assessment is performed on the basis of past experience and other relevant information, such as bankruptcy of the debtor concerned.

A provision of € 67 (2014: € 60) has been recognised for receivables due from wholesalers. This is 47.9% (2014: 44.9%) of the overdue receivables.

6. Cash and cash equivalents

This item relates to cash, cheques and bank balances. The amount consists of the following: cash € 301 (2014: € 260), bank balances € 23,495 (2014: € 19,361) and cash in transit € 1,716 (2014: € 1,262).

7. Equity

Movements in equity items are shown in the consolidated statement of changes in equity (see page 69). The company's authorised share capital amounts to € 2,000, divided into 100 million ordinary shares with a nominal value of € 0.02 each.

Movements in the number of issued and fully paid-up shares and movements in the number of treasury shares are shown below:

	2015	2014
Issued and paid-up shares as at 1 January	**21,905,562**	21,805,117
Share issue on exercise of employee stock options	**50,000**	100,445
Issued and paid-up shares as at 31 December	**21,955,562**	21,905,562
Shares in portfolio as at 1 January	**2,723**	23,805
Repurchased during the year	**-**	-
(Re)issue on exercise of options	**(2,723)**	(21,082)
Sale of shares in portfolio	**-**	-
Shares in portfolio as at 31 December	**-**	2,723

A total of 52,723 shares were sold at a price of € 15.23 with a view to the exercise of employee stock options, resulting in an increase in consolidated statement of changes in equity (see page 69) of € 803.

The treasury shares have not yet been cancelled and therefore not been deducted from the number of issued and paid-up shares. These repurchased shares are no longer included in the earnings per share calculation.

The revaluation reserve relates to land.

A proposal will be submitted to the Annual General Meeting of Shareholders to distribute a final dividend in cash of € 0.48 per share. The total dividend for 2015 will therefore amount to € 0.87 per share (2014: € 0.65).

8. Provisions

The formula portfolio in the Benelux was streamlined in 2014. The strategic focus is on the Beter Bed and Beddenreus formulas. The operations of the Matrassen Concord the Netherlands and Belgium and Slaapgenoten formulas were therefore discontinued in the course of 2014.

A provision for onerous contracts has been formed for the long-term leases relating to the stores of these two formulas. This provision is based on the rent and the remaining term, taking account of a subletting probability and a mark-up for service costs.

The provision for onerous rental contracts can be broken down as follows:

	2015	2014
Balance at 1 January	**2,055**	4,542
Additions	**-**	-
Withdrawals	**(714)**	(1,885)
Releases	**(443)**	(602)
Balance at 31 December	**898**	2,055
Of which current (in other liabilities)	**360**	804
Total provision for onerous rental contracts	**538**	1,251

The release in 2015 is due to early termination and/or buy-out of five rental contracts (€ 293) as well as an adjustment of subletting probability (€ 150).

9. Deferred tax liabilities

The deferred tax liabilities relate mainly to the differences between the valuation of inventories and non-current assets, including land, in the Netherlands, Germany and Switzerland for tax and financial reporting purposes. These differences are long-term in nature. The deferred tax liabilities at 31 December 2015 can be broken down as follows:

	2015	2014
Revaluation of company land	**937**	949
Difference tax and financial reporting valuation stocks	**699**	614
Difference tax and financial reporting valuation tangible assets	**563**	655
Difference tax and financial reporting valuation rent obligations	**80**	-
Total	**2,279**	2,218

Movements in this item in 2015 and 2014 were as follows:

	2015	2014
Balance at 1 January	**2,218**	2,424
Through profit and loss account	**73**	(206)
Through equity	**(12)**	-
Balance at 31 December	**2,279**	2,218

10. Current liabilities

To fund the group the company has current account facilities totalling € 41.5 million at its disposal. Furthermore, facilities totalling € 7.3 million are available for providing guarantees.

For the purpose of the current account facilities, the company and its subsidiaries have undertaken not to encumber their assets with any security rights without the prior consent of the lenders.

These current account facilities include two committed facilities in the amount of € 10.0 million each which will expire on 10 July 2020 and 15 July 2020 respectively. No security has been provided for the committed facilities. The main conditions of the credit facilities are a minimum solvency of 25% and a maximum interest-bearing debt/EBITDA ratio of 2.5.

At the end of the year under review, the current account facilities were only used for providing bank guarantees, mainly for the purpose of rent payments in the amount of € 0.5 million (2014: € 0.7 million). Of the facilities available specifically to provide guarantees, a total € 6.0 million was used at year-end 2015 (2014: € 6.1 million).

The other liabilities can be broken down as follows:

	2015	2014
Prepayments	**8,525**	7,532
Accruals personnel and staf benefits	**8,146**	8,653
Other	**2,937**	4,013
Total	**19,608**	20,198

The item accrual for staff costs and employee benefits includes a pension liability for a former employee. This liability of € 1.4 million (2014: € 1.4 million) has been calculated on an actuarial basis.

11. Financial liabilities

	up to 3 months	3 to 12 months	1 to 5 years
2015			
Accounts payable	**22,903**	**-**	**-**
Credit institutions	**-**	**-**	**-**
Total	**22,903**	**-**	**-**
2014			
Accounts payable	17,517	-	-
Credit institutions	-	-	-
Total	**17,517**	**-**	**-**

The market value of the financial liabilities approximates their amortised cost.

12. Information by geographical area

Revenue by country	**2015**	**%**	2014	%
Germany	**222,792**	**58**	213,159	58
The Netherlands	**115,254**	**30**	109,203	30
Other countries	**48,744**	**12**	42,660	12
Intercompany adjustment	**(1,350)**	**-**	(1,069)	-
Total	**385,440**	**100**	363,953	100

(In)tangible fixed assets by country	**2015**	2014
The Netherlands	**23,580**	19,361
Germany	**10,853**	10,194
Other countries	**3,564**	2,851
Total	**37,997**	32,406

13. Staff costs

The operating expenses include the following wage and salary components:

	2015	2014
Wages and salaries	**75,611**	74,637
Social security costs	**14,106**	13,371
Pension costs	**2,267**	2,289
Employee stock options	**192**	(439)
Total	**92,176**	89,858

The pension contributions relate virtually exclusively to defined contribution schemes or schemes designated as such. Within the costs of employee stock options, € 83 relate to the current and former members of the company's Management Board (2014: release of € 116).

Average number of employees

The companies included in the consolidation had an average of 2,427 employees (FTE) in 2015 (2014: 2.388):

	2015	2014
Germany	**1,560**	1,558
The Netherlands	**586**	576
Spain	**61**	49
Austria	**122**	117
Switzerland	**87**	79
Belgium	**11**	9
Total	**2,427**	2,388

14. Option program

The options are long-term in nature and can be exercised providing that the profit target has been met. Until 2013, the costs of the options programme were calculated using the Black & Scholes model. With effect from 2013, the costs of the options programme are calculated using a combined model of Black & Scholes and Monte Carlo simulations. An overview of the details of the options granted and still outstanding, as well as the values employed in the Black & Scholes model, is provided below.

The conditions were changed with effect from the options series 2013. In the first three years after the award of the options granted, 33.3% of the options will vest annually if the 'Total Shareholder Return' (TSR = share price gains plus dividend distributed) of Beter Bed Holding N.V. exceeds the 'Total Shareholder Return of the AScX, based on the year of the award. In addition, the employee is required to continue to be employed by the company for three years. Options can only be exercised if these conditions are met after three years. The previous options policy/options contract will continue to apply up to 2012 for options already granted.

From the 2013 series, this means that the calculation will be based on three different Black & Scholes values, risk-free interest rates and volatility percentages. The ranges of those percentages are set out in the table below.

	2015	2014	2013	2011	2010
Number granted	**186,000**	166,700	166,500	218,000	218,000
waarvan A.H. Anbeek	***50,000***	*40,000*	*50,000*	*50,000*	*50,000*
waarvan B.F. Koops	***40,000***	*32,000*	*0*	*0*	*0*
Number outstanding	**186,000**	162,700	50,500	158,050	152,625
Value according to Black & Scholes	**€ 2.19 - € 2.67**	€ 1.78 - € 1.93	€ 1.26 - € 1.76	€ 1.58	€ 3.54
Exercise from	**19-5-2018**	19-5-2017	25-4-2016	28-10-2013	29-10-2012
Exercise through	**19-5-2020**	19-5-2019	25-4-2018	28-4-2017	29-4-2016
Profit target (in millions)	**-**	-	€ 32.0	€ 32.0	€ 25.0
Profit target achieved in year	**-**	-	-	-	-
TSR > AScX	**No**	Partly (33,3%)	No	-	-
Share price on the allotment date	**€ 22.79**	€ 17.37	€ 14.09	€ 14.67	€ 19.07
Exercise price	**€ 22.79**	€ 17.37	€ 14.09	€ 14.67	€ 19.07
Expected life	**5 years**	5 years	5 years	3.8 years	3.8 years
Risk-free rate of interest (%)	**0.30**	0.78 - 0.46	0.75 - 0.48	1.71	2.25
Volatility (%)[1]	**26.58**	27.50 - 21.94	31.93 - 30.19	32.15	40.40
Dividend yield (%)	**5.40**	5.20	5.90	9.00	7.35

1 *Expected volatility is based on end-of-month closing prices for the most recent period with a length equalling the expected term with a maximum of five years.*

A total of 52,723 options were exercised in 2015 at a price of € 15.23. This related to 52,723 options from the 2009 series. In 2015, another 24,583 options expired, as a number of employees holding options left the company before the expiration dates. No options expired in 2015 due to the expiry of their term. However, a portion of the options expired because the vesting conditions were not satisfied. The series concerned is the series 2013 part II. Lastly, 186,000 new options were granted in 2015. See the summary of options series outstanding (see page 13).

15. Depreciation and amortisation

	2015	2014
Depreciation and impairment on tangible assets	**8,406**	7,089
Amortisation and impairment on intangible assets	**1,419**	1,153
Total of depreciation, amortisation and impairment	**9,825**	8,242

The depreciation and amortisation rates applied are based on expected economic life and are as follows:

Company land	0%
Buildings	3.33%
Other fixed operating assets	10% tot 33%
Software, licenses and other	10% tot 33%

16. Other operating expenses

The other operating expenses comprise € 45.2 million in rental and lease costs (2014: € 45.6 million), with the remainder relating mainly to selling and distribution costs.

17. Income taxes

The reconciliation between the tax liability and the results of the calculation of the profit before taxes, multiplied by the local tax rate in the Netherlands, was as follows on 31 December 2015 and 31 December 2014:

	2015	2014
Profit before taxes	**30,648**	22,743
At the applicable legal rate of 25.0% in the Netherlands (2014: 25.0%)	**7,662**	5,686
Adjustment profits tax previous years	**(40)**	109
Permanent differences	**(1,559)**	(1,613)
Future loss set-off not included	**397**	407
Recognition of previously unrecognized deferred tax assets	**-**	-
Effect of the tax rates outside the Netherlands	**1,629**	1,294
At an effective tax rate of 26.4% (2014: 25.9%)	**8,089**	5,883
Profit tax in the consolidated profit and loss account	**8,089**	5,883

The item tax in the profit and loss account comprises the following:

	2015	2014
Tax for current year	**7,985**	5,929
Adjustment of profit tax for prior years	**(40)**	109
Temporary differences	**(14)**	(208)
Utilization tax loss carryforwards	**158**	53
Profit tax in the consolidated profit and loss account	**8,089**	5,883

18. Remuneration of the Management and Supervisory Boards

The remuneration of members of the Management Board was as follows in 2015 and 2014:

	A.H. Anbeek		B.F. Koops		Total	
	2015	2014	**2015**	2014	**2015**	2014
Salary	**350**	323	**250**	200	**600**	523
Variable remuneration	**180**	169	**91**	85	**271**	254
Pension	**105**	97	**63**	50	**168**	147
Employee stock options	**52**	(125)	**31**	9	**83**	(116)
Social security charges	**15**	9	**15**	9	**30**	18
Lease car	**13**	13	**16**	16	**29**	29
Total	**715**	486	**466**	369	**1,181**	855

The variable remuneration relates to the year under which it is classified and is recognised in the expenses of that year. The variable remuneration of the CEO is based for 50% on the achievement of quantitative targets; the remaining 50% depends on the achievement of qualitative targets. The CFO's variable remuneration is based for 40% on the achievement of quantitative results while the remaining 60% is based on the achievement of qualitative targets. For more detailed information, see remuneration report (see page 58).

The costs listed under 'Employee stock options' represent the amount accounted for in the profit and loss account for that year.

The remuneration of the members of the Supervisory Board was as follows in 2015 and 2014:

	2015	2014
D.R. Goeminne	**40**	37
A.J.L. Slippens	**26**	23
E.A. de Groot	**30**	27
W.T.C. van der Vis	**30**	27
Total	**126**	114

The members of the Management Board and the Supervisory Board hold no shares or exercisable options on shares in Beter Bed Holding N.V.

19. Earnings per share

The net profit of € 22.6 million divided by the average number of outstanding shares totalling 21,947,224 equates to earnings per share of € 1.03 in 2015. Due to the options series outstanding, the number of shares used for the calculation of diluted earnings per share is equal to 22,053,956. This results in diluted earnings per share of € 1.02.

20. Commitments not included in the balance sheet

The company has entered into long-term rental and lease obligations concerning buildings and other operating assets. The minimum obligation on the balance sheet date can be broken down as follows:

Duration	2016	2017	2018	2019	2020	after 2020
Rental agreements	39,291	25,773	15,974	9,797	5,802	1,388
Lease agreements	2,022	1,395	914	553	312	283
Total	**41,313**	**27,168**	**16,888**	**10,350**	**6,114**	**1,671**

The majority of the rental agreements for the company premises required for the Beter Bed formula are long-term agreements (between five and ten years), with options for renewal. The majority of the rental agreements for the Matratzen Concord formula have been concluded for a period between five to ten years, and include a clause stipulating that the agreements can be terminated without charge within the first two years.

In the year under review, amounts of € 42.6 million (2014: € 43.1 million) arising from rental agreements and € 2.6 million (2014: € 2.5 million) arising from lease agreements were accounted for in the profit and loss account.

At year-end 2015, the Wonen Industrial Pension Fund for the Home Furnishings Industry had an estimated funding ratio 98.6% (year-end 2014: 111.2%). As at 31 December 2015, the company had no additional obligation.

21. Audit fees

The fees for the audit of the financial statements and other non-audit services by the independent auditor PwC Accountants N.V. (2014: Ernst & Young Accountants LLP) were:

	2015	2014
Audit of financial statements	**205**	207
Other non-audit services	**-**	16
Total	**205**	223

The fees for the audit of the financial statements and other non-audit services performed by PwC Accountants N.V. in the Netherlands were €104.

The other non-audit service in 2014 relates to the review of the interim figures.

22. Related parties

The companies listed in principles of consolidation (see page 71) are included in the consolidation of Beter Bed Holding N.V. and its participating interests.

Beter Bed Holding N.V. has issued declarations of joint and several liability for all Dutch group companies for the obligations arising from legal transactions entered into by these group companies. Pursuant to these letters of guarantees, the Dutch group companies have made use of the exemption options laid down in Section 403, paragraphs 1 and 3, of Part 9, Book 2 of the Dutch Civil Code.

The financial relationships between Beter Bed Holding N.V. and its participating interests consist almost fully in receiving dividends and receiving interest on loans provided.

23. Events after the balance sheet date

No events that are required to be disclosed occurred in the period between the end of the year under review and the preparation of these financial statements.

COMPANY FINANCIAL STATEMENTS

Company balance sheet

At 31 December

in thousand € (before proposed profit appropriation)	Notes	2015	2014
Fixed assets			
Tangible assets		**1**	3
Intangible assets		**155**	154
Financial assets	1.	**165,636**	159,228
Total fixed assets		**165,792**	159,385
Current assets			
Receivables	2.	**3,184**	3,069
Cash and cash equivalents	3.	**4**	9
Total current assets		**3,188**	3,078
Total assets		**168,980**	162,463

in thousand € (before proposed profit appropriation)	Notes	2015	2014
Capital and reserves	4.		
Issued share capital		**439**	438
Share premium account		**18,434**	17,673
Reserve for currency translation differences		**1,097**	814
Revaluation reserve		**2,812**	2,847
Other reserves		**30,409**	30,003
Retained earnings		**22,559**	16,860
Total equity		**75,750**	68,635
Liabilities			
Provisions	5.	**13,843**	12,857
Current liabilities	6.	**79,387**	80,971
Total liabilities		**93,230**	93,828
Total equity and liabilities		**168,980**	162,463

Company profit and loss account

in thousand €	**2015**	2014
Net profit of participating interests	**17,980**	11,819
Other income / expenses	**4,579**	5,041
Net profit	**22,559**	16,860

NOTES TO THE COMPANY BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

General

The registered office of Beter Bed Holding N.V. is Linie 27, Uden, the Netherlands. The financial statements have been compiled on the basis of Title 9, Book 2 of the Dutch Civil Code in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union and applied to the consolidated financial statements. The participating interests in group companies are valued at the net asset value calculated in accordance with Beter Bed Holding N.V.'s policies. When a participating interest has a negative equity the sequence is as follows: first, the valuation of the participating interest is reduced, after which a write-down is applied to the amounts owed by this participating interest insofar as these are an increase of the net investment in the participating interest, and then a provision is formed.

Beter Bed Holding N.V. had an average number of 7 employees (FTE) in 2015 (2014: 5).

The company financial statements are presented in euros and all amounts are rounded to thousands (€ 000) unless stated otherwise. The option provided by Section 402 of Book 2 of the Dutch Civil Code to include an abbreviated profit and loss account in the company financial statements has been used.

The note on executive remuneration (see page 88) is included in the notes to the consolidated balance sheet and profit and loss account.

The fees charged for the audit of the financial statements and other non-audit services by the auditor PwC Accountants N.V. (2014: Ernst & Young Accountants LLP) are also disclosed in the notes to the consolidated balance sheet and profit and loss account.

1. Financial assets

This item includes the participating interests in the group companies (see page 71) and the amounts owed by the group companies.

The item loans to participating interests includes loans in accordance with market conditions to Beter Beheer B.V and Matratzen Concord GmbH carried at € 87,240, (2014 € 87,240) and € 0 (2014 € 1,000) respectively. The loan to Beter Beheer B.V. is a fixed-interest loan at an interest rate of 7% (2014: 7%). The loan to Matratzen Concord GmbH is a variable-interest loan (Euribor plus 5%). The remaining term to maturity of the loan to Beter Beheer B.V. is three years. The loan to Matratzen Concord GmbH was repaid in December 2015. No security was provided for these loans. The fair value of the loans is equal to their nominal value.

Movements in this item were as follows:

	Participating interests in group companies	Loans	Total
Balance at 1 January 2014	**60,543**	**88,089**	**148,632**
Profit from participating interests in 2014	13,259	151	13,410
Dividend paid	(1,029)	-	(1,029)
Capital contribution	48	-	48
Exchange gain	59	-	59
Granted loans to group companies	-	-	-
Repaid loans to group companies	-	-	-
Merger participating interests	(1,892)	-	(1,892)
Balance at 31 December 2014	**70,988**	**88,240**	**159,228**
Balance at 1 January 2015	**70,988**	**88,240**	**159,228**
Profit from participating interests in 2015	18,966	-	18,966
Dividend paid	(12,056)	-	(12,056)
Capital contribution	250	-	250
Exchange gain	283	-	283
Revaluation	(35)	-	(35)
Granted loans to group companies	-	-	-
Repaid loans to group companies	-	(1,000)	(1,000)
Balance at 31 December 2015	**78,396**	**87,240**	**165,636**

2. Receivables

	2015	2014
Group companies	**545**	323
Taxes and social security contributions	**33**	402
Other receivables	**2,606**	2,344
Total	**3,184**	3,069

All receivables fall due within one year.

Beter Bed Holding uses a cash pool structure as a result of which there are minimal and very short-lived current account intra-group balances.

3. Cash and cash equivalents

This item relates to the balance of cash in hand and at the bank. The cash and cash equivalents are at the full disposal of the company.

4. Equity

The company's authorised capital amounts to € 2,000, divided into 100 million ordinary shares with a nominal value of € 0.02 each. At the end of 2015 21.955.562 shares had been issued and paid up (2014: 21.905.562).

There are no shares that have been repurchased and not yet cancelled. Repurchased shares are no longer included in the earnings per share calculation.

The movement in the equity items is explained in the consolidated statement of changes in equity (see page 69). The revaluation reserve is the statutory revaluation reserve and relates to company land. The reserve for currency translation differences is also a statutory reserve. Neither reserve is freely distributable.

5. Provisions

At year-end 2015 and 2014 the provisions consisted in full of the provision for participating interests. The participating interests provision is a provision for participating interests that have negative net asset value after setting off loans provided by the company. The movements in the provisions in 2015 and 2014 are as follows:

	2015	2014
Balance at 1 January	**12,857**	13,208
Profit from participating interests	**986**	1,591
Capital contribution	**-**	(50)
Merger participating interests	**-**	(1,892)
Balance at 31 December	**13,843**	12,857

6. Current liabilities

The breakdown of this balance sheet item is as follows:

	2015	2014
Credit institutions	**78,334**	80,053
Taxes and social security contributions	**246**	-
Other liabilities, accruals and deferred income	**807**	918
Total	**79,387**	80,971

Beter Bed Holding uses a cash pool structure as a result of which there are minimal and very short-lived current account intra-group balances.

7. Commitments not included in the balance sheet

Together with the other Dutch operating companies, the company is part of a tax entity for corporation tax purposes. Each of the operating companies is jointly and severally liable for the tax payable of all operating companies included in the tax entity. The company settles the corporation tax with the operating companies concerned on the basis of the profit or loss before income tax of the operating company concerned.

Beter Bed Holding N.V. has issued declarations of joint and several liability for all Dutch group companies for the obligations arising from all legal transactions entered into by these group companies.

Uden, The Netherlands, 10 March 2016

Management Board
A.H. Anbeek
B.F. Koops

Supervisory Board
D.R. Goeminne
A.J.L. Slippens
E.A. de Groot
W.T.C. van der Vis

ADDITIONAL DETAILS

Post-balance sheet events

No events that are required to be disclosed occurred in the period between the end of the year under review and the preparation of these financial statements.

Appropriation of profit

Appropriation of profit pursuant to the articles of association

Article 34 of the Articles of Association states the most important provisions pertaining to the appropriation of profit:

Paragraph 1
Every year the Management Board, subject to approval from the Supervisory Board, determines the proportion of the company's profit – the positive balance of the profit and loss account – to be added to the company's reserves.

Paragraph 2
The profit remaining after the reservation pursuant to the previous paragraph shall be placed at the disposal of the Annual General Meeting.

Appropriation of profit

2015	
Profit for the year	22,559
Interim dividends paid	(8,563)
Addition to reserves[1]	(3,457)
Available for payment	**10,539**

1 On the basis of the balance of outstanding and repurchased shares as at 31 December 2015.

The proposal for the appropriation of profit has not been taken into the balance sheet.

Independent auditor's report

To: the general meeting and supervisory board of Beter Bed Holding N.V.

Report on the financial statements 2015

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2015 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited page 61 to 94 of the accompanying financial statements 2015 of Beter Bed Holding N.V., Uden ('the company'). The financial statements include the consolidated financial statements of Beter Bed Holding N.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2015;
- the following statements for 2015: the consolidated profit and loss account and the consolidated statements of comprehensive income, consolidated cash flows statement and consolidated statement of changes in equity; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2015;
- the company profit and loss account for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated

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financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of Beter Bed Holding N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview and context

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the management board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the management board that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a retailer. Due to the fact that there is a high level of automation and IT, we have added IT specialists to our audit team to perform procedures necessary to assess and validate IT systems as part of our audit procedures. Furthermore, we included specialists in the areas of income tax and employee benefits in our team.

The audit of the 2015 financial statements is our first year as auditor of Beter Bed Holding N.V. Therefore we have performed procedures related to the transition in addition to our regular audit procedures. These transition related procedures include, besides others, the following:

- Procedures to obtain sufficient comfort over the 1 January 2015 opening balances, including contacting the previous auditors and review of their audit files related to the 2014 audit.

- Procedures to gain a detailed understanding of the company and the environment it is operating in, including internal controls and IT. Based on this understanding, we have prepared our risk analysis and audit plan which were presented and discussed with the management board and the audit committee of the supervisory board.

Materiality

- Overall materiality: €2,890,000 which represents 0.75% of revenue.

Audit scope

- We conducted audit work on the financial reporting of Beter Bed B.V. and Matratzen Concord GmbH as part of the audit of the consolidated financial statements of Beter Bed Holding N.V.
- There were 2 components where we have performed audit procedures on specific line items of the financial reporting of these components.
- Audit coverage: 86% of consolidated revenue.

Key audit matters

- Accuracy of revenue
- Existence and valuation of inventories

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€2,890,000
How we determined it	0.75% of revenue.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that revenue is an important metric for the financial performance of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The materiality allocated across components was €2,000,000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €100,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Beter Bed Holding N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Beter Bed Holding N.V.

The group audit focused on the significant components Matratzen Concord GmbH and Beter Bed B.V. which were subjected to audits of their complete financial information as those components are individually significant to the group. Beter Bed Beheer B.V. and BBH Services GmbH & Co. K.G. were subjected to specific risk-focused audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	86%
Total assets	86%
Profit before tax	74%

The remaining components represented less than 5% of total group revenue. For those remaining components we performed, amongst others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

As the auditor of the group we used the work performed by the component auditor of Matratzen Concord GmbH. Before the start of their audit procedures we have shared detailed instructions including the results of our risk analysis performed as part of our audit of the financial statements of Beter Bed Holding N.V. We determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. We have access to the audit file of the Matratzen Concord GmbH audit team and the group engagement team visited the component team multiple time throughout the year. For this year's audit we attended both the clearance meeting of the half year review procedures as well as the clearance meeting of the year-end audit procedures in Germany.

The group consolidation, financial statement disclosures and a number of complex items such as share based payments, taxes, related notes and the company financial statements of Beter Bed Holding N.V. are audited by the group engagement team at the head office.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter	***How our audit addressed the matter***
Accuracy of revenue *Note 12 to the consolidated profit and loss account in the financial statements* Revenue is an important measure used to evaluate the performance of the company (also refer to the materiality). There is a risk that the revenue is presented for amounts higher than what has been actually generated by the company. Revenue is accounted for when the sales transactions have been completed, when goods are delivered to the customer and all economic risks for Beter Bed have been transferred as a result. Revenue is generated through store sales as well as online sales. Delivery has been completed when goods are paid and transferred to the customer in store, or when goods are paid by the customer and delivered on location. These transactions are mainly processed automatically through IT. Based on the high IT dependency and the potential effects of inaccurate revenue transactions on margin, we have concluded that the accuracy of revenue is a key audit matter that will be addressed in our audit.	Our audit procedures include testing of design, existence and operating effectiveness of (automated) internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions. The most important internal control procedure for the accuracy of the revenues is the automated three-way-match in SAP. We have reperformed the three-way-match between order-delivery-invoice/payment by using data-analysis software and identified a relatively low number of exceptions, which were not material in nature and size of the exception. The results of our controls testing and reperformance of the three-way-match have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources. Furthermore, we have performed analytical procedures on gross-margin through detailed store comparison.

Key audit matter	*How our audit addressed the matter*
Existence and valuation of inventories *Note 4 to the consolidated balance sheet in the financial statements* Total inventories of €58 million represent 44% of total assets of Beter Bed Holding N.V. These inventories mainly consist of inventories in the stores and inventories kept at the distribution centers. Valuation of the inventories is at cost or at lower net realizable value. Valuation at cost includes different components including allocated supplier bonuses. The allocation of supplier bonuses and the assessment of revaluation of inventories to net realizable value is mainly based on management estimates. This, in combination with the significant share of inventories as part of total assets, made us conclude that existence and valuation of inventories are a key audit matter of our audit. Furthermore, inventories are an important factor to consider in our procedures on the revenues, where purchased inventories that are not part of the physical inventories should have been sold.	Our audit procedures to test the existence of the inventories mainly consist of testing the relevant internal control procedures, specifically by testing the inventory cycle counts that are periodically performed by management and the automated recording of sales transactions (three-way-match). Throughout the year, we have attended a selection of inventory cycle counts in stores and in the distribution centers, to validate counts performed by the company. We compared our count results with the results of the counts by Beter Bed representatives. Furthermore, we have applied data-analysis software on the source data in SAP to reperform the three-way-match between order-delivery-invoice/payment. The results of the reperformance have been compared to the results of the automatically processed revenue transactions in inventories. We did not identify any material differences between our procedures and management's registration. To validate the valuation of inventories, we performed test of details on actual margins and valuation of obsolete inventories. We assessed whether there were inventories which were sold with a (consistent) negative margin by evaluating recent sales invoices from January and February 2016 to validate management's assessment and decision whether inventories should or should not be provided for. Furthermore we analysed the inventory turnaround and compared that to management's estimates on obsolete inventories. For the allocation of supplier bonuses to the valuation of inventories at cost we recalculated the supplier bonuses per supplier based on supporting contracts. The settled supplier bonuses were tested by reconciling them to the bank statements. Unsettled bonuses have been validated by assessing the quality of historical estimates. Furthermore we have validated mathematical accuracy of the allocation to inventories as per year end based on the inventory turnaround. Based on the procedures described we consider management's estimates, which are the basis of the inventory valuation, as acceptable.

Responsibilities of the management board and the supervisory board

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the management board in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going-concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the report of the management board and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the report of the management board and the other information):

- We have no deficiencies to report as a result of our examination whether the report of the management board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the report of the management board, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of Beter Bed Holding N.V. by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 19 May 2015. We currently have a total period of uninterrupted engagement appointment of 1 year.

Eindhoven, 10 March 2016
PricewaterhouseCoopers Accountants N.V.

Original has been signed by W.C. van Rooij RA

This document is a translation. In the event of any dispute as to the interpretation of any of the above, the official Dutch language version shall prevail.

Appendix to our auditor's report on the financial statements 2015 of Beter Bed Holding N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional skepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going-concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

OTHER INFORMATION

HISTORICAL SUMMARY

at 31 December	**2015**	2014	2013	2012	2011	2010
Result (in thousand €)						
Revenue	**385,440**	363,953	357,363	397,288	397,035	374,724
Gross profit	**222,215**	208,653	203,185	223,843	224,410	209,507
EBITDA[1]	**41,115**	31,284	22,272	38,143	46,798	45,308
Operating profit (EBIT)	**30,699**	23,042	12,284	23,719	38,288	37,460
Net profit	**22,559**	16,860	8,198	14,418	28,025	27,937
Depreciation, amortisation and impairment	**9,825**	8,242	9,988	14,424	8,510	7,848
Cash flow[2]	**32,975**	25,102	18,186	28,842	36,535	35,785
Net investment	**15,372**	12,207	4,633	10,262	13,082	7,590
Capital (in thousand €)						
Total assets	**131,677**	117,123	102,485	110,855	114,571	113,977
Equity	**75,750**	68,635	57,963	55,832	62,015	60,851
Figures per share						
Net profit in €	**1.03**	0.77	0.38	0.67	1.29	1.30
Cash flow in €	**1.50**	1.15	0.84	1.33	1.69	1.66
Dividend paid in €	**0.87**	0.65	0.27	0.47	1.10	1.30
Average number of outstanding shares (in 1,000 of shares)	**21,947**	21,855	21,734	21,681	21,660	21,512
Share price in € at year-end	**22**	17	18	13	14	21
Ratios						
Revenue growth	**5.9%**	1.8%	-10.0%	0.1%	6.0%	3.7%
Gross profit/revenue	**57.7%**	57.3%	56.9%	56.3%	56.5%	55.9%
EBITDA/revenue	**10.7%**	8.6%	6.2%	9.6%	11.8%	12.1%
Operating profit/revenue	**8.0%**	6.3%	3.4%	6.0%	9.6%	10.0%
Net profit/revenue	**5.9%**	4.6%	2.3%	3.6%	7.1%	7.5%
Solvency	**57.5%**	58.6%	56.6%	50.4%	54.1%	53.4%
Interest cover	**601.9**	77.1	17.2	59.0	88.2	96.3
Other information						
Number of stores at year-end	**1,159**	1,127	1,175	1,219	1,187	1,117
Number of FTE at year-end	**2,513**	2,369	2,420	2,495	2,451	2,353
Revenue per FTE (in € 1,000)	**153**	154	148	159	165	163

1 Operating profit plus depreciation, amortisation, impairments and carrying amount of disposals. Before 2015, the operating profit was not adjusted for the carrying amount of disposals.

2 Net profit plus depreciation, amortisation, impairments and carrying amount of disposals. Before 2015, net profit was not adjusted for the carrying amounts of disposals.

FINANCIAL CALENDAR

13 May 2016	Publication Q1 2016 trading statement
19 May 2016	Annual General Meeting of Shareholders
20 May 2016	Publication declaration of dividend
23 May 2016	Listing ex-dividend 2015
24 May 2016	Record date of dividend 2015
7 June 2016	Payment of dividend 2015
15 July 2016	Publication Q2 2016 trading statement
30 August 2016	Publication half-year figures 2016
30 August 2016	Analysts' meeting half-year figures 2016
28 October 2016	Publication Q3 2016 trading statement
1 November 2016	Listing ex-dividend (interim) 2016
2 November 2016	Record date of interim dividend 2016
16 November 2016	Payment of interim dividend 2016
20 January 2017	Publicatie Q4 2016 trading statement

The current financial calendar is available on www.beterbedholding.com.

This annual report is published by

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Report

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