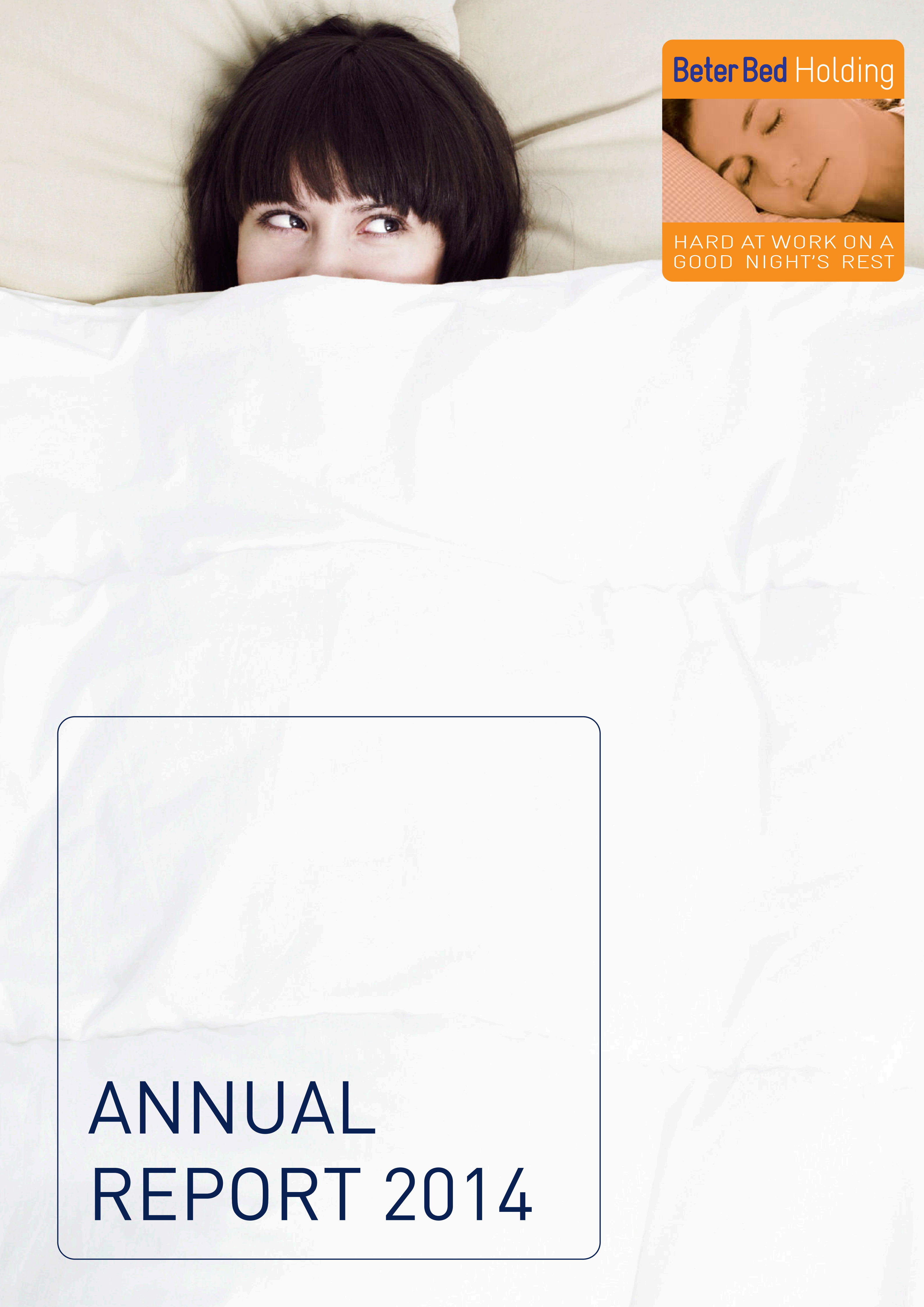

Beter Bed Holding

HARD AT WORK ON A GOOD NIGHT'S REST

ANNUAL REPORT 2014

PROFILE

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through a total of 1,127 stores at the end of 2014 that operate via the chains Beter Bed (the Netherlands and Belgium), Matratzen Concord (Germany, Switzerland and Austria), El Gigante del Colchón (Spain) and Beddenreus (the Netherlands). Beter Bed Holding is also active in the field of developing and wholesaling branded products in the bedroom furnishing sector in the Netherlands, Germany, Belgium, Spain, Austria and Switzerland via its subsidiary DBC International.

Beter Bed Holding N.V. achieved net revenue of € 364.0 million in 2014. 70% of the group's net revenue is realised outside the Netherlands. The company has been listed on Euronext Amsterdam since 1996 and is included in the Amsterdam Small Cap 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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THE GLOBAL COMPACT
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ABOUT US

INTRODUCTION

Dear Reader,

2014 was a year with two faces for Beter Bed Holding. After a weak start, which followed a disappointing order intake in the final months of 2013, the order intake picked up in the Netherlands at the end of the first quarter of 2014. We saw a similar development in Germany and Austria in the second quarter. Revenue rose strongly in the second half of 2014 at all the formulas in all the countries in which we are active, with the exception of Switzerland. This meant Beter Bed Holding was ultimately able to achieve a 1.8% increase in revenue. The like-for-like order intake for the full year was +4.8%.

In addition to the focus on top-line growth, the company was able to take structural next steps forward with respect to improving margins, reducing net working capital, limiting complexity and, 'last but not least', with respect to achieving innovation at the Beter Bed and El Gigante del Colchón formulas and product and brand innovations at M Line and Alpine Plus.

Expenses developed in a controlled manner and any increases in expenses were aimed at strengthening the commercial power in the field of marketing, innovation and e-commerce and improving service and customer satisfaction. The policy of reducing rents (in combination with fewer square metres whenever possible) was continued. The Slaapgenoten, Matrassen Concord Netherlands and Matrassen Concord Belgium formulas were discontinued.

Propensity to buy in the home furnishings segment in Germany initially remained at the low level of 2013. There was greater movement in the market at the end of the second quarter. Matratzen Concord was able to pick up on this trend and it deployed targeted marketing activities in order to translate it into substantially higher revenue for the remainder of the year. As a result it was possible to increase market share again in 2014. While online revenue developed positively, it continues to constitute only a limited share of total revenue. Matratzen Concord in Austria had an extremely successful year that was driven by successful promotions. Consumers were less keen to buy in the home and bedroom furnishings segment in Switzerland.

The recovery in the Netherlands, at primarily Beter Bed, is a result of the recovering housing market on the one hand and the renewed and contemporary look and feel of the stores, the new advertising campaign, the new logo and the higher service level on the other. The customer satisfaction benchmark, Net Promoter Score (NPS), was successfully introduced in mid-2014. A total of 45 stores were successfully refurbished in 2014. The other stores will be refurbished in the first half of 2015. Beter Bed's online revenue has grown slightly and amounts to approximately 5% of the total revenue. Beter Bed opened two new stores in Belgium.

El Gigante del Colchón also had an excellent year. The restyled modern stores have caught on well. The number of stores is also once again beginning to grow gradually. We expect to be able to strengthen our position in the Spanish market in tandem with the recovering market in the country.

The company expects the positive revenue trend of 2014 to continue in 2015. The economic outlook remains moderately positive, as does the forecast for consumer spending. The focus remains fully on (like-for-like) growth in revenue and consequently on formula and product innovation, omni-channel e-commerce and customer satisfaction. In addition to completing the refurbishment of the Beter Bed stores, the process of making the stores at the other formulas more competitive, attractive and contemporary will commence following the successful conclusion of the pilots that are currently underway.

Improving margins, stringently controlling expenses and reducing net working capital will obviously continue to receive our full attention.

The company can look back on a successful year with a good recovery in revenue and operating profit. We understand that none of this would have been possible without the fantastic efforts and dedication of our employees. We would therefore like to take this opportunity to thank them sincerely and wholeheartedly.

Yours sincerely,

Ton Anbeek,
Chief Executive Officer

Uden, The Netherlands, 12 March 2015

ORGANIGRAM

Beter Bed Holding

HARD AT WORK ON A GOOD NIGHT'S REST

Beter Bed

The Netherlands
Belgium

Beddenreus

The Netherlands

Matratzen Concord

Germany
Austria
Switzerland

DBC International

The Netherlands
Germany
Spain
Belgium
Austria
Switzerland

El Gigante del Colchón

Spain

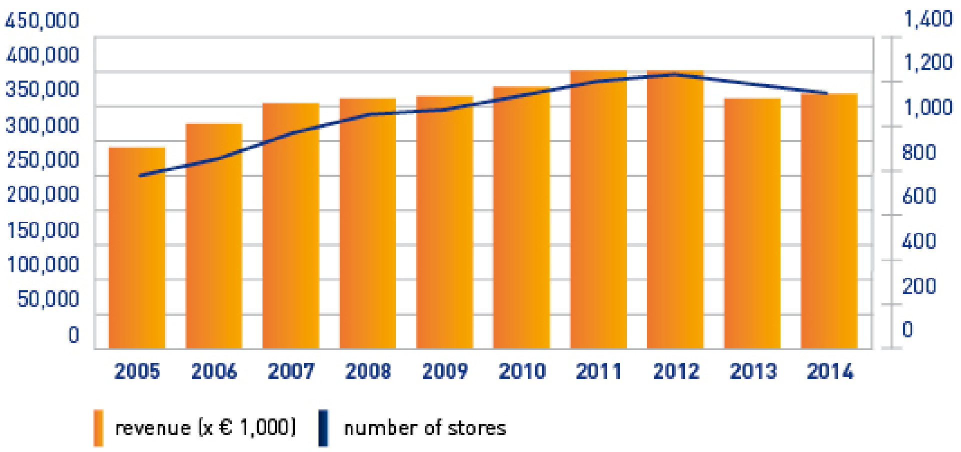
FACTS AND FIGURES

2014 in brief

The year 2014 was characterised by:

- Increasing consumer confidence and greater propensity to buy in the Netherlands.
- Increasing propensity to make bed and mattress purchases in Germany.
- Closure of Slaapgenoten, Matrassen Concord Netherlands and Belgium.
- Successful remodelling of 45 Beter Bed stores.
- Expansion in Belgium.
- Continued recovery in Spain.
- 1.8% increase in revenue (like-for-like 4.8%).
- 0.4% margin increase.
- 87.6% increase in operating profit.
- € 16.9 million net profit.
- € 0.77 earnings per share (2013: € 0.38).
- € 0.65 dividend per share (2013: € 0.27).
- 63 store openings, 111 store closures; decrease of 48 stores on balance. Total: 1,127 stores.

Revenue and number of stores



Key figures

at 31 December in thousand €, unless otherwise stated	2014		2013	
Revenue	**363,953**		357,363	
Gross profit	**208,653**	**57.3%**	203,185	56.9%
Total operating expenses	**185,611**	**51.0%**	190,901	53.4%
EBITDA	**31,284**	**8.6%**	22,272	6.2%
Operating profit (EBIT)	**23,042**	**6.3%**	12,284	3.4%
Net profit	**16,860**	**4.6%**	8,198	2.3%
Average number of outstanding shares (in 1,000)	**21,855**		21,734	
Earnings per share in €	**0.77**		0.38	
Diluted earnings per share in €	**0.77**		0.38	
Share price in € at year-end	**17.20**		17.61	
Solvency	**58.6%**		56.6%	
Interest-bearing debt/EBITDA	**-**		0.22	
Interest cover	**77.1**		17.2	
Number of staff at year-end (FTE)	**2,369**		2,420	
Number of retail stores at year-end	**1,127**		1,175	

Share of certified mattresses (NL / D)	**82%**	77%
Diversity in management	**22%** ♀	22% ♀
Number of signed codes of conduct (NL /D)	**100%/100%**	100%/100%
Waste recycling	**48%**	46%
CO_2 emissions (in 1,000 kg)	**22,224**	24,653

Number of stores per formula

Formula		1 Jan. 2014	Closed	Opened	**31 Dec. 2014**
Matratzen Concord	Germany	864	47	29	**846**
	Austria	64	3	6	**67**
	Switzerland	51	1	3	**53**
	The Netherlands	18	18	-	**-**
	Belgium	5	5	-	**-**
		1,002	74	38	**966**
Beter Bed	The Netherlands	87	13	13	**87**
	Belgium	5	-	2	**7**
		92	13	15	**94**
El Gigante del Colchón	Spain	31	2	3	**32**
Beddenreus	The Netherlands	40	12	7	**35**
Slaapgenoten	The Netherlands	9	9	-	**-**
Schlafberater.com	Germany	-	-	-	**-**
Schlafberater.com	Switzerland	1	1	-	**-**
Total		1,175	111	63	**1,127**

Number of stores per country

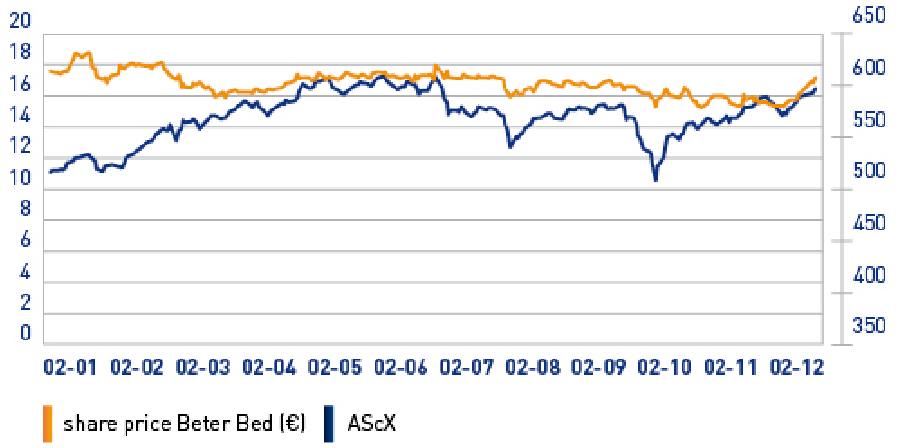
Country	1 Jan. 2014	Closed	Opened	**31 Dec. 2014**
Germany	864	47	29	**846**
The Netherlands	154	52	20	**122**
Spain	31	2	3	**32**
Austria	64	3	6	**67**
Switzerland	52	2	3	**53**
Belgium	10	5	2	**7**
Total	1,175	111	63	**1,127**

SHARE INFORMATION

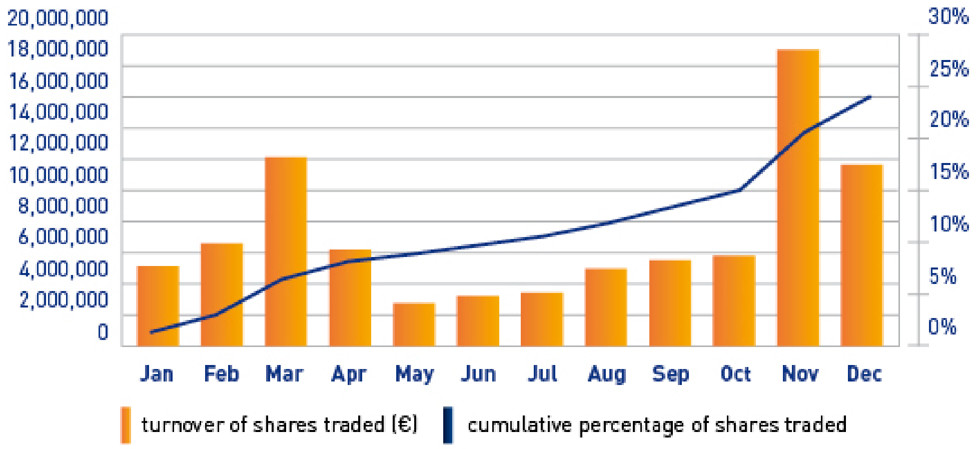
General

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 2014. The number of shares outstanding at the end of 2014 totalled 21,905,562. In 2014, 100,445 new shares were issued. Shares repurchased and not yet cancelled totalled 2,723 at the end of the year under review. In the year under review, 21,082 shares were sold from the portfolio, all owing to the exercise of employee stock options. The average number of shares used to calculate earnings per share is 21,854,740. The number of shares used to calculate the diluted earnings per share is equal to 21,900,404 earnings per share for 2014 total € 0.77 compared to € 0.38 in 2013. The diluted earnings per share in 2014 are also € 0.77 (2013: € 0.38).

Share price development



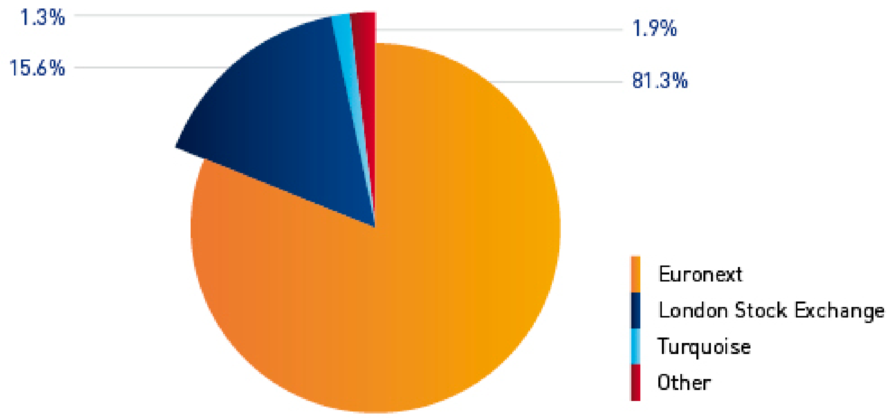
Trading volume



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 2014 (as at 1 January 2015).

Two liquidity providers operated on behalf of the Beter Bed share in 2014, namely ING Commercial Banking and Rabobank International.

Distribution of trading volume

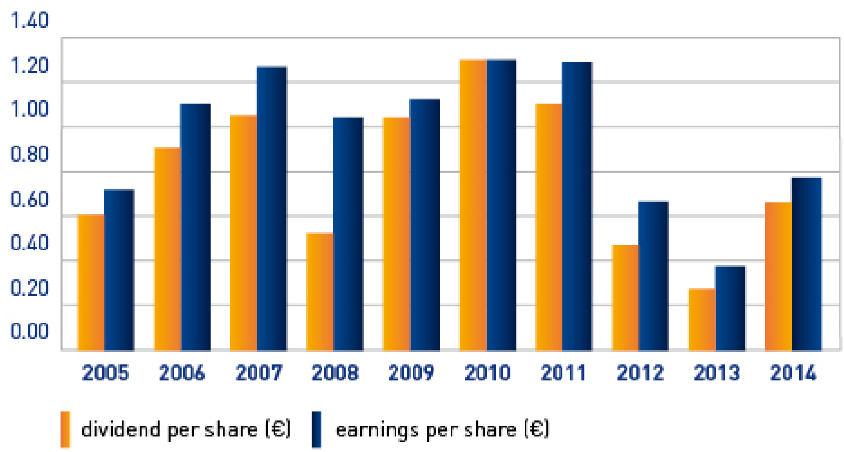


The above chart shows the distribution of trading volume in 2014 between Euronext and the main alternative trading platforms London Stock Exchange, Turquoise and others (Equiduct, Chi-X, BATS and Smartpool).

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.

	2014	2013	2012
Number of outstanding shares	**21,905,562**	21,805,117	21,805,117
Repurchased but not cancelled shares	**2,723**	23,805	75,805
Closing price (€)	**17.20**	17.61	13.20
Highest closing price (€)	**18.88**	17.74	17.84
Lowest closing price (€)	**15.20**	13.00	13.20
Earnings per share (€)	**0.77**	0.38	0.67
Dividend per share (€)	**0.65**	0.27	0.47
Payout ratio	**85%**	72%	70%
Market capitalisation (in € million)	**377**	384	288

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	Share
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%
Delta Lloyd N.V., Amsterdam, NL	06-05-2011	5.7%
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%
Menor Investments B.V., Limmen, NL	11-10-2013	4.8%
Ameriprise Financial Inc., Minneapolis (MN), US	08-09-2011	4.7%
Harris Associates L.P., Chicago (IL), US	19-02-2010	4.6%
Danske Bank, Copenhagen, DK	01-04-2014	3.9%
Lazard Frères Gestion SAS, Paris, F	15-01-2014	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	Former Management Board	Management	Exercise price in €	Duration up to and inclusive
2009	-	50,000	2,723	15.23	28-4-2015
2010	50,000	-	111,875	19.07	29-4-2016
2011	50,000	-	116,050	14.67	28-4-2017
2013	33,333	-	71,000	14.09	25-4-2018
2014	72,000	-	94,700	17.37	19-5-2019

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 of Shareholders 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 of Shareholders on 25 April 2013.

Bart Koops holds Dutch nationality.

STRATEGY

VISION AND MISSION

Vision

Beter Bed Holding is an active player in the retail and wholesale market 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 service, regardless of the market segment 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

Market share

Positioning the company's retail formulas such that growth opportunities can be exploited to maximum effect. Beter Bed Holding aims to expand its position in all the markets in which it operates by offering strong, competitively positioned retail formulas. The needs of consumers and the 'customer comes first' principle form the basis for our actions. This will allow the company to further strengthen its position as the European market leader, always in a socially responsible manner. The Slaapgenoten, Matrassen Concord Netherlands and Matrassen Concord Belgium formulas were discontinued in 2014. The Beter Bed formula was modernised in 2014 by means of a new marketing strategy, a new logo and an updated store concept. This process will be completed in 2015. A similar approach will be applied to Beddenreus in the Netherlands and Matratzen Concord in Germany, Austria and Switzerland, as well as El Gigante del Colchón in Spain in 2015.

Net profit

Increasing net profit, regardless of market conditions and consumer confidence. When faced with exceptional market conditions or low consumer confidence, net profit may decline temporarily. The company clearly targeted like-for-like growth in 2014. This was attained largely by substantially stepping up the marketing activities. The adjustments of formulas described above, the margin improvement and cost control also contributed to profitability.

Balance sheet structure

A strong, healthy balance sheet with solvency of at least 30% and a ratio between net interest-bearing debt and EBITDA not exceeding two. The company's financial position was further strengthened, as reflected, for instance, in increased solvency and higher liquidity. This was achieved mainly by a conservative approach to capital expenditure and by active working capital management. Working capital management will continue to be a focus area in 2015. At the same time, investments (in the various retail formulas and online) are set to increase with a view to the rejuvenation of the formulas.

STRATEGY

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

Retail marketing

- Growth in revenue at comparable stores (like-for-like growth) by increasing visitor numbers, conversion, average order value. Customer satisfaction is also daily improved based on a 'facts-not-guesses' policy using the Net Promotor Score (NPS).

- Strengthening the distinctive proposition of the retail formulas by, among other things, relaunching the existing formulas and developing and introducing our own marketing and product concepts based on purchasing strength. New products are regularly developed through the use of, for example, technological developments related to foam and spring systems used in the mattresses, as well as by responding to trends in local demand, such as the demand for box springs in the Benelux market.

- Striving for strategic partnerships with suppliers, with the goal of optimally leveraging each other's knowledge and expertise to create value for all stakeholders.

- Beter Bed Holding aims to test the bulk of its mattresses for the presence of hazardous substances, in order to keep health hazards for its customers and damage to the environment to a minimum. The company aims for 80% of the mattresses to be certified and tested by independent institutes for the presence of hazardous materials by 2016.

- Developing own webshops and entering into strategic partnerships with platforms like Wehkamp.nl, Bol.com and Amazon.de, to enable customers to better orient themselves online for purchase and then, where desired, purchase online after receiving offline advice in our stores.

Expansion

- Achieving expansion by expanding existing store concepts within and outside of the Netherlands in omni-channel context but also by penetrating new geographic markets. Flexible leases are an important component of our expansion policy.

- Where desired, stores can be relocated in order to take optimal advantage of revenue opportunities.

Financial management

- Flexibilising costs by minimising investments per store and maximising flexibility in leases, to allow the company to adjust the store portfolio relatively quickly in the face of adverse market conditions.

- Exercising stringent cost monitoring without falling into 'penny wise, pound foolish' territory. Seeking partnerships within and between chains and countries in order to arrive at the best possible price arrangements for the group.

- The aim is to achieve an annual increase in gross margin, rent reductions, working capital reduction and opening hours optimisation.

Information technology

- Ongoing improvement of the primary and supporting organisational processes by means of state-of-the-art information architecture and the pursuit of a 'facts-not-guesses' policy. Flexible (but robust) IT systems enable the company to move fast with new commercial trends and opportunities. We strive to achieve the advantages of outsourcing wherever possible.

Logistics

- Ability to manage the supply chain as effectively and efficiently as possible, from purchasing up to and including home delivery. Customer satisfaction is key; flexibility of the logistics infrastructure is essential to achieving this.

- Removing packaging materials, particularly plastics and cardboard, when delivering products to customers. As of February 2013, all these packaging materials are segregated at the distribution centres and presented for recycling.

Team development and people development

- Continuously highlighting the key values and code of conduct of Beter Bed Holding in all formulas and countries.

- Continuous optimisation through in-company training of our sales staff and other employees by improving sales methods and sales advice.

- Strengthening the management of the local organisations.

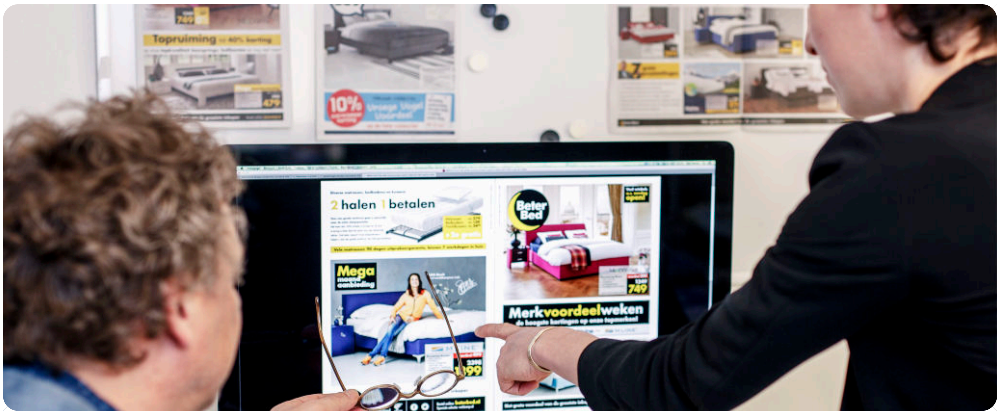
- Beter Bed Holding aims for at least 30% of management positions at the company to be held by women by 2016. Partly in order to achieve this goal, Beter Bed Holding has been a signatory of the 'Talent to the Top' Charter, which applies strict monitoring of progress towards achieving this goal, since the spring of 2014.

REPORT OF THE MANAGEMENT BOARD

GENERAL

Beter Bed Holding N.V. was able to benefit from a recovering market in nearly all the countries in which it operates. The Netherlands and Germany, in particular, experienced a clear recovery in revenue. Austria also showed excellent development and growth continued in Belgium and Spain. Switzerland was the only country that posted decreasing revenue. The measures in the field of positioning, margin improvement, cost savings and customer satisfaction that have been taken over the past two years in anticipation of a market recovery produced results.

The organisation's strategic decision to strengthen its purchasing, e-commerce and customer service have contributed to the positive development and led to the desired like-for-like growth in revenue. All things considered, we can conclude that in 2014 the organisation once again took good steps forward in the development of a modern omni-channel retail formula.



There was a sluggish recovery in consumer confidence in the Netherlands in 2014. Revenue in the Netherlands decreased by 5.0%, chiefly due to the closure of several formulas as stated below. The revenue of Beter Bed in the Netherlands rose by 0.5%, mainly as a result of higher conversion.

The Slaapgenoten, Matrassen Concord Netherlands and Matrassen Concord Belgium formulas were discontinued in 2014. This ultimately resulted in the closures of 32 stores in 2014.

As part of the strategy of strengthening the formula's positioning, the process of remodelling the Bed Bed stores was undertaken in 2014. This resulted in 45 stores having been remodelled by the end of the year. These stores now feature a modern and contemporary interior design and image to create stores in which consumers feel comfortable and in which the product range is presented in a more attractive fashion. The remaining stores will be remodelled in 2015.

The Beddenreus formula is set to undergo a similar process. The first pilot stores have been opened and, providing these pilots are concluded successfully, a plan for remodelling the Beddenreus stores will be put into action.

Consumers' propensity to buy in the home and bedroom furnishings segment in Germany rose in the course of the second quarter of 2014. Due in part to targeted marketing activities and improvements to the product range, Matratzen Concord was able to benefit from this trend, which resulted in an increase in market share. Revenue in 2014 ultimately turned out to be 6.0% higher than last year, which represents a 5.6% increase based on revenue performance at comparable stores. Revenue developed positively for the second consecutive year at Matratzen Concord Austria (+ 13.3%) and Beter Bed Belgium (+ 158.6%). The recovery in revenue also continued in Spain (following the restructuring in 2013). Revenue at comparable stores rose by no less than 15.7%. Only Switzerland continued to lag behind in terms of revenue performance with a negative like-for-like of 5.0%. In summary, the group consequently achieved revenue of € 364.0 million in 2014, which amounts to an increase of 1.8% compared to last year and like-for-like growth of 4.8%.

	2014	2013	Change
Revenue (in € million)	**364.0**	357.4	1.8%
Operating profit (in € million)	**23.0**	12.3	87.6%
Net profit (in € million)	**16.9**	8.2	105.7%
Number of stores	**1,127**	1,175	-4.1%
Number of employees (FTE)	**2,369**	2,420	-2.1%

Gross profit rose from 56.9% in 2013 to 57.3% in 2014. This was achieved, as it was in 2013, through a combination of improved purchasing conditions, higher volumes, year-end bonuses, a (limited) change to the sales mix and increases in prices where possible and well considered.

Average expenses per store rose by 1.2% owing to a substantial increase in marketing spending on the one hand and the closure of a relatively large number of small stores with low expense levels on the other. The underlying trend of stringently controlling the development of expenses will be continued unabated. Operating profit rose by 87.6% in 2014 to € 23.0 million (2013: € 12.3 million). Operating profit as a percentage of revenue increased from 3.4% to 6.3%. Net profit rose to € 16.9 million in 2014 (2013: € 8.2 million), which equals an increase of 105.7%.

An average of 111 stores were closed and 63 stores was opened during the year under review. These closures include 32 stores that were closed due to the discontinuation of the Slaapgenoten, Matrassen Concord Netherlands and Matrassen Concord Belgium formulas. The other closures were due to location improvements or inadequate financial performance.

INVESTMENTS, FINANCING AND CASH FLOW

Total investments in 2014 stood at € 13.2 million; € 8.0 million higher than in 2013. This increase is connected primarily with the remodelling (of part) of the Beter Bed stores. A total of € 10.8 million was invested in new and existing stores. Investments were made in IT (e-commerce/webshops) and logistics. The cash flow (net profit plus depreciation) amounted to € 25.1 million in 2014 (2013: € 18.2 million). Solvency at the end of 2014 was 58.6% (2013: 56.6%). At the end of 2014, the ratio between net interest-bearing debt and EBITDA was 0 (end 2013: 0.22). The € 10.0 million loan taken mid-2009 was repaid in full in June 2014. The reduction of the net working capital, which began in 2013, was continued in 2014. The reduction in 2014 was largely achieved by reducing inventories by € 2.1 million on the one hand and on the other by increasing accounts payable and other debts by € 8.8 million and € 3.0 million respectively.

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 and bed textiles to consumers. The chain operates 966 stores in three countries. The stores are located mainly near consumers at so-called C locations or in the vicinity of city centres.

	2014	2013	Change
Revenue (x € 1.000)	**249,137**	238,407	4.5%
Number of stores	**966**	1,002	-3.6%
Number of employees (FTE)	**1,724**	1,775	-2.9%

Revenue at comparable stores rose at Matratzen Concord by 5.1%, while total revenue increased by 4.5% in 2014. The rise that began in mid-2014 is primarily visible in Germany and Austria and has been achieved in part through targeted marketing campaigns in combination with a higher propensity to buy among consumers. An initial pilot of an updated version of the tried-and-tested Matratzen Concord concept was commenced in Germany in 2014. The key values of this concept will be retained, but will be adapted to a more modern approach.

A total of 38 stores were opened and 74 stores were closed in the year under review. Seven of the closures were due to location improvements. While online revenue rose sharply, the amount remains modest.

The stores of the Matrassen Concord Netherlands and Matrassen Concord Belgium formulas (a total of 23) were closed in 2014.

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.

	2014	2013	Change
Revenue (x € 1,000)	**91,327**	89,481	2.1%
Number of stores	**94**	92	2.2%
Number of employees (FTE)	**499**	482	3.5%

Beter Bed's revenue increased by 2.1% in 2014 to € 91.3 million. This rise is due to growing consumer confidence, the recovering housing market and the successful remodelling of the Beter Bed brand and stores. Following a number of pilots in 2014, all Beter Bed stores are now being remodelled. A total of 45 stores had the new look and feel at year-end 2014. The remaining stores will be remodelled in 2015. The operation must be finalised in mid-2015.

Beter Bed's online sales developed positively in 2014. Its share of the revenue currently stands at approximately 5% (2013: 4.6%). A net total of two stores were opened in the year under review. Order intake in comparable stores rose by 5.3% in 2014. Total revenue increased by 2.1% in 2014 compared to 2013.

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'.

	2014	2013	Change
Revenue (x € 1,000)	**10,595**	11,862	-10.7%
Number of stores	**35**	40	-12.5%
Number of employees (FTE)	**59**	61	-3.3%

A great deal of work was put into giving the Beddenreus stores a new look and feel in 2014. Three pilot stores were opened under the name BeddenreuZ that offer consumers a renewed range and a unique approach to customer service. Following the successful conclusion of the pilots, all Beddenreus stores will be remodelled.

El Gigante del Colchón changed its retail format from full service to cash & carry following a successful pilot in 2012. El Gigante del Colchón's presence in the Spanish market was subsequently scaled down according to plan to 31 stores at the end of 2013. The location policy and the store look and feel are comparable to that of Matratzen Concord.

	2014	2013	Change
Revenue (x € 1.000)	**5,472**	6,659	-17.8%
Number of stores	**32**	31	3.2%
Number of employees (FTE)	**51**	44	15.9%

El Gigante del Colchón was able to continue successfully on the course that was set in 2013. Revenue in comparable stores rose by 15.7% and a net total of one store was added to the chain. The economic climate in Spain is improving and this is creating the opportunity for selective expansion fully in line with the targets formulated in 2012. The process of making the stores more contemporary is now also underway in Spain.

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 El Gigante del Colchón. DBC International supplies customers in the Netherlands, Germany, Spain, Belgium, Austria and Switzerland.

	2014	2013	Change
Revenue (x € 1.000)	**13,968**	13,365	4.5%
Number of employees (FTE)	**10**	11	-9.1%

DBC International's revenue rose in 2014, both within the dealer network and in the Beter Bed and Matratzen Concord stores. The expansion of the M Line series (2013) made a large contribution to this revenue performance.

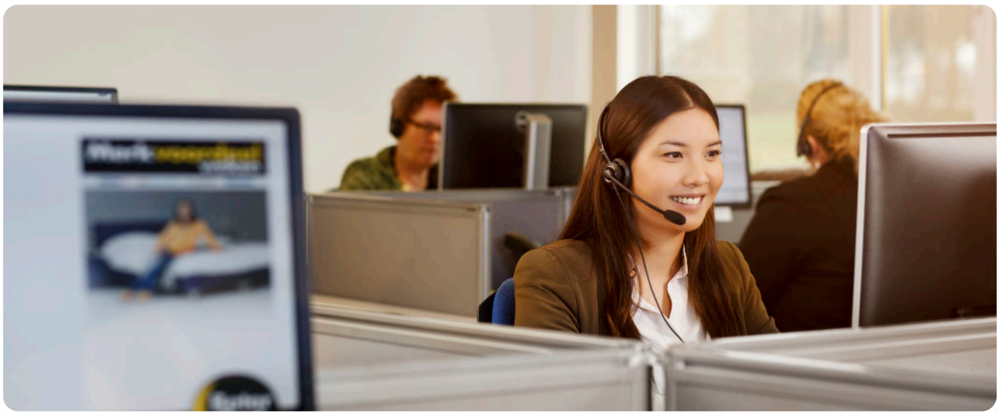
STAFF AND ORGANISATION

The group had 2,369 employees (FTEs) as of 31 December 2014, compared to 2,420 employees at year-end 2013. The decrease is attributable to the closure of the stores of Slaapgenoten, Matrassen Concord Netherlands and Matrassen Concord Belgium.

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. This applies to both sale and logistics and equally to support services. A customer-friendly approach, a 'right the first time' 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 focal point.

Web-based training was launched within the Beter Bed Netherlands organisation in 2014. 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 27 women in management positions (22%). The target is to raise this percentage to 30% in 2016.



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, Strategic/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:

Financial

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 altered 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. 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 of the financial statements. A sensitivity analysis with respect to these risks is also included.

Strategic/Operational

The strategic risks involve primarily the changed market and competition conditions, with the rise of new business models from an e-commerce perspective requiring express attention. Beter Bed Holding addresses this development in various ways. 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 proactive omni-channel 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.

In operational terms the potential business disruption by (strategic) suppliers constitutes a risk. 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.

Beter Bed encountered delivery problems in 2014 due to the fact that one supplier lost its production facilities in the floods in Bosnia. In connection with this, the supplier terms and conditions were made more stringent with respect to the alternative and fallback scenarios and insurance conditions.

Product liability is also a significant element in the group's risk profile. Although the Beter Bed Holding formulas do not manufacture products themselves, they do recognise the need for these products to meet the applicable requirements.

Accordingly, as part of our Corporate Social Responsibility, Beter Bed Holding applies strict standards in the area of supplier conduct and the share of products in the product range carried that have been subjected to stringent tests is growing from year to year.

Beter Bed (in the Netherlands) depends on its own (three) distribution centres for deliveries of goods to its customers. In the event of a calamity in one of those centres, deliveries will be handled from the other two centres. This minimises the risk of failing to make deliveries. In addition, each distribution centre has its own business continuity plan.

Information and information systems

An unavailability of core systems (cash register system, stock management and goods management systems), as well as an unavailability of reliable data (integrity) are identified as potential risk areas. 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.

Tax

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 also reports twice a year on relevant tax issues to the Audit Committee.

Reporting by the auditor

With a view to transparency in risk assessment the company summarises the main findings of the auditor concerning risks and risk management. Ernst & Young Accountants LLP, the external auditor, reports its findings annually and these are discussed with the Management Board and the Supervisory Board. The external auditor tested, among other things, the effective operation of the internal control system and compliance with statutory and regulatory requirements, both within the framework of and insofar as relevant to the audit of the financial statements. The auditor stated that the level of internal control, including the automated systems, was the same as in 2013. The auditor also issued recommendations for improvements in the formalisation of controls with regard to the automated systems in particular. The external auditor reported that, in its opinion, the internal control system, insofar as it was examined as part of the audit of the financial statements, met the relevant requirements with a view to managing risks in the year under review.

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. Unless it conflicts with vital interests, a key priority is investment and the conditions on which changes in revenue and profitability depend. 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 2014.

EXPECTATIONS AND OUTLOOK

The economic outlook remains moderately positive, as does the forecast for consumer spending. The focus remains fully on (like-for-like) growth in revenue and consequently on formula and product innovation, omni-channel e-commerce and customer satisfaction. In addition to completing the refurbishment of the Beter Bed stores, the process of rolling out updated store concepts will also commence for the other formulas following the successful conclusion of the pilots that are currently underway.

Improving margins, stringently controlling expenses and lowering net working capital will obviously continue to receive our full attention.

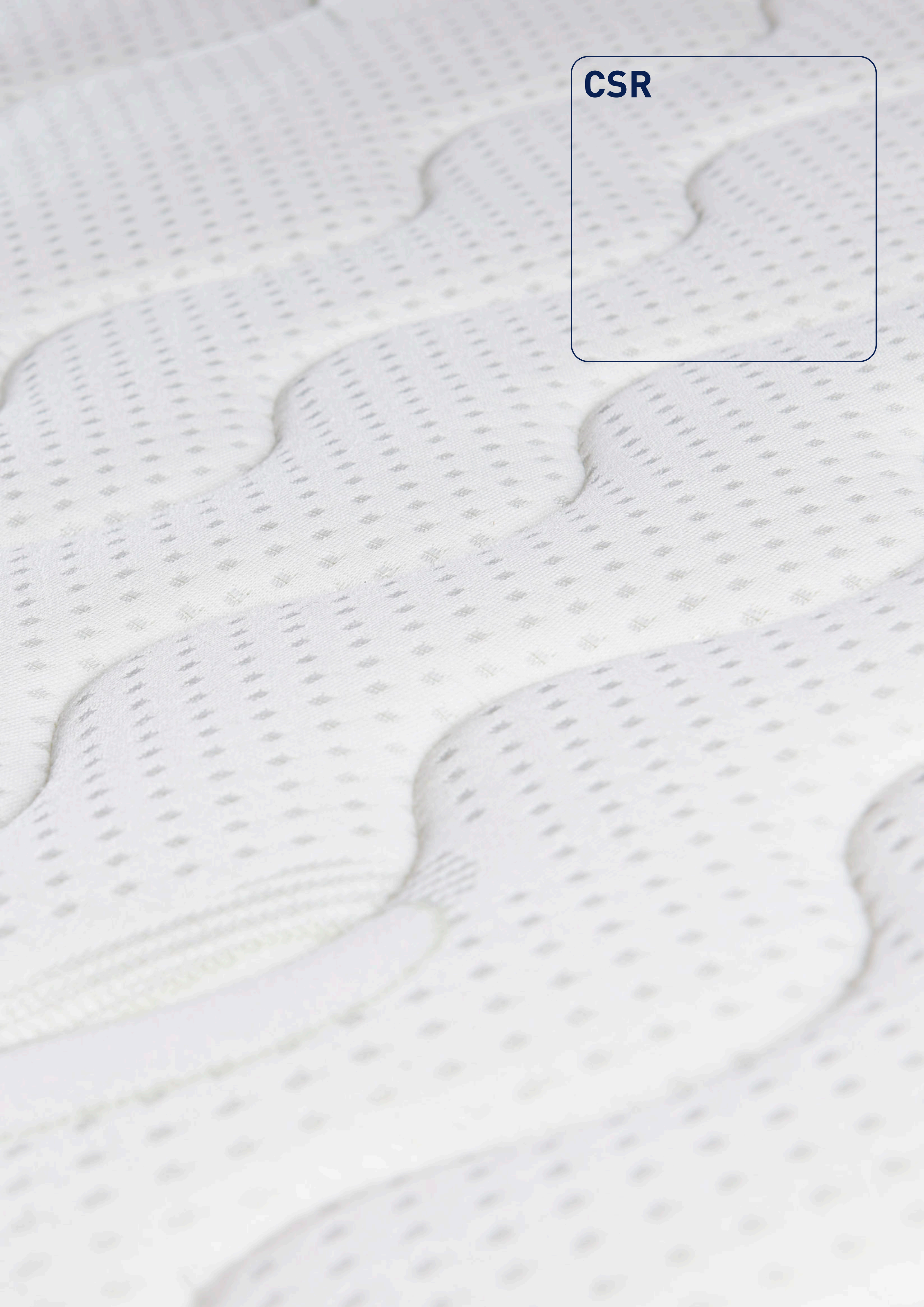
The company consequently expects the positive revenue trend of 2014 to continue in 2015, although in the Netherlands this will be partially dependent upon the speed of recovery of the housing market.

Uden, The Netherlands, 12 March 2015

A.H. Anbeek,
Chief Executive Officer

B.F. Koops,
Chief Financial Officer

CSR



CSR AT BETER BED HOLDING

For Beter Bed Holding and its subsidiaries, corporate social responsibility means that they make a positive contribution to the communities in which they operate. That contribution is embodied, for instance, in complying at all times with laws and regulations and always treating the interests of all stakeholders with respect. Healthy business practices therefore go hand in hand with respect for people and the environment.

As a specialist in the field of bedroom furniture and as a market leader in several countries in Europe, Beter Bed Holding seeks to provide a good, healthy night's rest for its customers, on the basis of good-quality products, properly trained staff and excellent service.

CSR is work in progress

The vision for corporate social responsibility was launched in 2010: 'In every country in which we operate, we intend to become the market leader in the value-for-money segment of the bed and mattress market, in a socially responsible manner.' The general code of conduct defines what corporate social responsibility is for Beter Bed Holding.

In 2011 Beter Bed Holding reported extensively for the first time on CSR in accordance with the GRI G3 guideline. The focus on topics and reporting has aided Beter Bed Holding in suitably positioning the topic of CSR within the organisation.

In 2012, the company committed to the United Nations' Global Compact Code. The ten principles it summarises seamlessly match the codes of conduct for both our own staff and our strategic suppliers. The company has also set itself medium-term targets. It is important for a successful CSR strategy to set ambitious goals in a modest context: they must be relevant, make a positive contribution and be attainable with our own resources within a period of three years.

In 2013, the reporting was adapted in line with the fourth generation of GRI guidelines. This mainly affected the detailed reporting in the GRI Index, for which a start was made on defining views on the broad selection of CSR topics. In addition, a first step was taken to improve prioritisation by means of a materiality review in the sector.

In 2014, the organisation engaged in active dialogue with its stakeholders. The dialogue was conducted by asking in advance which priorities Beter Bed Holding should set. In three sessions, the stakeholders were given ample opportunity to formulate their views on CSR at Beter Bed Holding. The three principal conclusions are:

1. The reporting structure with a compact annual report and a detailed GRI Index is appreciated.
2. Beter Bed Holding has ensured that its own business processes are properly in order and should now give greater priority to responsibility in the chain.
3. The pragmatic approach has laid a solid foundation for CSR within the organisation. What is important now is to better embed this topic within the organisation.

The priorities arising from the stakeholder dialogue are stated in the GRI Index under indicator G4-19.

CSR TARGETS AT A GLANCE

The CSR activities and the results achieved in 2014 are reported in the table below:

Subject	2014	2013	2012	Target		
Chain management	**100%**	100%	97%	**2013**	**100%**	Codes of conduct signed
Diversity in management	**22%**	22%	16%	**2016**	**30%**	Women in management
Sickness-related absenteeism	**3.6%**	3.5%	3.2%	**2016**	**3%**	Germany
Sickness-related absenteeism	**4.2%**	4.3%	4.8%	**2016**	**3.5%**	The Netherlands
Safe products	**82%**	81%	78%	**2016**	**80%**	Certified mattresses
Energy consumption (GJ)	**240,000**	275,000	270,000	**2016**	**235,000**	
Recycled waste	**48%**	46%	46%	**2016**	**75%**	

Strengths

- The suppliers with which the organisation has a long-term relationship all signed the code of conduct. The signing of the code is still in progress at four new suppliers.

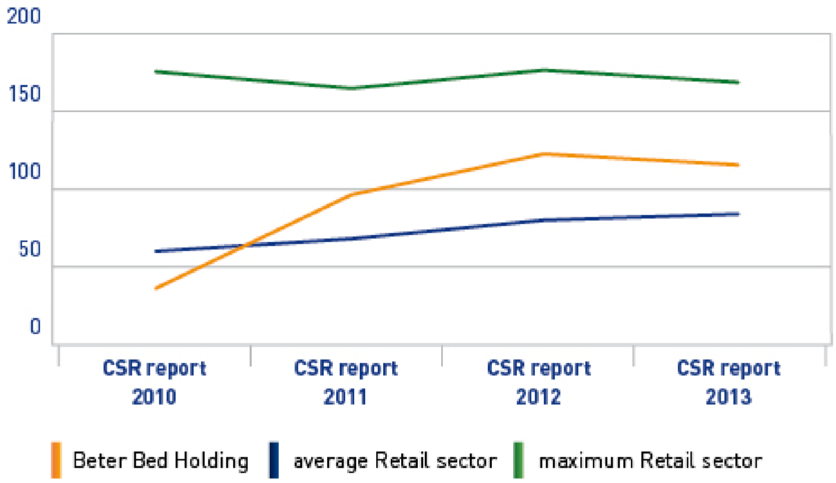
- Energy consumption totalled 240,000 gigajoules. The decrease is attributable to the decrease in the number of stores and the continual focus on energy savings. Consumption of natural gas and fuel oil fell substantially, by 22% compared with last year. This decrease largely resulted from the relatively mild winter in Western Europe.

Possible improvements

- Diversity, defined as the number of women in management positions, was unchanged. Two women were appointed to senior positions in the Netherlands. In Germany and Switzerland, the number of female region leaders fell. In 2015, we will again vigorously aim to increase the number of women in management positions.

- The volume of waste rose by 240 tonnes. That is attributable to the refurbishments within the Beter Bed formula in 2014. The percentage of recycled waste rose slightly.

- In the past three years, Beter Bed Holding has made significant progress in the field of CSR reporting, as reflected in the scores versus the transparency benchmark as shown in the chart. The score in the previous report for 2013 had fallen. The decrease is however not caused by policy changes at Beter Bed Holding, but by a different weighting of various components in the benchmark. Beter Bed Holding is assuming that the score for 2014 will resume the uptrend, given the greater role of stakeholders in determining Beter Bed Holding's CSR targets.



What will be done in 2015

- Beter Bed Holding will review how the advice of stakeholders to continue changing CSR in the organisation can be implemented. The main option under consideration is a CSR policy team that meets regularly, initiates actions and monitors the progress of activities already under way.

- The stakeholder dialogue showed that certain targets should be assigned a different (higher) priority. Thus stakeholders rank customers' health and safety (i.e. the quality of the product) as priority number one. Beter Bed Holding will formulate new medium-term targets on the basis of this new prioritisation.

CONSUMERS

The health and satisfaction of the customers of the individual store formulas of Beter Bed Holding are the most important 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 2014, 82% of mattresses in terms of revenue was tested for hazardous substances and certified. As of 2014, this percentage will be determined in relation to revenue; in 2013 and before it was based on numbers.

The Netherlands Food and Consumer Product Safety Authority (NVWA) carried out a Product Safety system inspection and Audit at Beter Bed. The NVWA has faith in the way in which Beter Bed has organised and implements its product safety process. As a result of the outcome of the system inspection and audit, Beter Bed is only subject to limited supervision by NVWA on these aspects until the end of 2016.

The results of the 2014 quality of service test resulted in a rating of the service of Matratzen Concord among German consumers at 1.9 (GUT). This biennial test is due to be conducted again by consumer testing agency Tüv Saarland in 2016.

Since mid-2014, customer satisfaction is measured on the basis of the Net Promoter Score, 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 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.

Beter Bed again managed to maintain the high level of its services in the Netherlands in 2014; more than 95% 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.

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.

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). To that end Beter Bed Holding will engage in dialogue with industry organisations such as the Dutch Initiative for Sustainable Trade ('IDH').

STAFF

The company's employees are its calling card. They ensure honest services and a pleasant shopping environment. To safeguard staff quality, evaluation and performance interviews take place every year. Training and education are provided on a systematic basis; in 2014, '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 can therefore call itself 'Best Employer' for one year.

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 2014 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 remained stable in 2014. The proportion of people with long-term illnesses edged up. Policy is aimed at further reducing work-related absence by providing more extensive support for 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 efforts in this area have led to an increase in the number of women in management positions from 19 to 28 in 2013. The number of women in management positions decreased by one overall in 2014. While two female top managers were appointed in the Netherlands: the Purchasing Director and the Customer Satisfaction Manager, two female region leaders in Germany and one in Switzerland left the organisation. In 2015, additional attention will be given to recruiting new female managers. Beter Bed 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.

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 recycling.

Beter Bed Holding's environmental footprint

Electricity consumption has been trending down for many years due to numerous energy-saving measures. Consumption totalled 30,800 megawatt hours (MWh), which represents 90% of the 34,200 MWh consumed in 2010. Relative electricity consumption per m^2 is an important measure. Since 2010, electricity consumption per m^2 has been reduced by 15% from 87.5 kWh to 74.3 kWh.

Another major 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 the winter weather. As it was relatively warm in 2014, gas consumption decreased to 3.2 million m^3, which represents 91% of consumption in 2010. Relative electricity consumption per m^2 retail area is an important measure. Relative natural gas consumption per m^2 has been reduced by 14% to 7.8 m^3 since 2010.

CO_2 emissions totalled 22,224 tonnes in 2014; a decrease of almost 10% compared with 2013. The decrease is attributable mainly to lower gas and electricity consumption as a result of a mild winter, the energy savings program pursued and the decrease in the number of stores.

The following table shows CO_2 emissions by source: (modified in 2013; this is explained in the GRI Index under indicator EN16).

	2014	2013	2012
Natural gas	**6,090**	7,935	7,013
Fuel oil	**1,703**	2,055	2,007
Diesel	**1,361**	1,261	1,389
Electricity	**11,369**	11,674	12,122
Air travel	**29**	24	35
Commute travel	**1,672**	1,704	1,823
Total	**22,224**	24,653	24,389

Materials and the circular economy

The dialogue with stakeholders has shown that Beter Bed Holding is expected to have (and provide) insight into the origins (and the environmental impact) of raw materials and (semi-finished) products used by suppliers. In addition to the standard requirement of the signing of the code of conduct by all suppliers, it is necessary to consider how Beter Bed Holding can take on a proactive role to ensure that materials used by suppliers meet the applicable requirements from a CSR perspective as well. Beter Bed Holding will take preparatory steps for this in 2015.

The total volume of waste rose by 5% to 4,700 tonnes. This increase (of 240 tonnes) is attributable to the remodelling of stores at Beter Bed. As a result, waste volumes increased in Netherlands by 730 tonnes, while volumes in the rest of the organisation fell by 490 tonnes. The target to collect, separate and reuse all packaging material in the Netherlands after delivery was again achieved in 2014.

A slight increase of the percentage of recycled waste was achieved, but the target (75%) does not appear to be attainable in the near term without targeted action by the waste-processing industry.

Starting in 2015, Beter Bed Holding and a number of strategic partners will launch initiatives for the development in due course of 100% recyclable mattresses, as a step on the way to the ultimate solution of a cradle-to-cradle mattress.

EXTERNAL ASSESSMENT

Reporting guidelines

In this report, Beter Bed Holding is reporting for the fourth 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). As a result of the implementation of the stakeholder dialogue, it can be stated that the report largely complies with the G4 guidelines.

The report is presented in a clear format and is compact and readable. Detailed information is reported in a highly transparent GRI Index. 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 2014 Beter Bed Holding reports on all formulas in the Netherlands, Germany, Switzerland, Spain and Austria. Owing to the reorganisation, the information from Belgium is limited, but not material owing to the limited size of our operations in that country. As in the previous year, the CSR information in this report covers 99% of the number of FTEs. Information on details in the GRI Index 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 GRI Index.

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.

Selection of topics

The selection of topics was carried out in a stakeholder dialogue at the end of 2014. A survey was used to ask the stakeholders in advance about their views on the importance of various GRI G4 topics for Beter Bed Holding. This survey was extensively discussed in the dialogue and led to minor adjustments in prioritisation. The number of material topics increased by six as a result of this process. More information on the dialogue and the selection of topics is available in the GRI Index.

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.

Strengths

- The team of employees providing information is constant, which increases the quality of reporting.
- 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.

Possible improvements

- 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.
- Reporting on complaints procedures needs to be improved, because the differences between formulas are too great. The possibility of a company-wide approach and reporting needs to be examined.
- Stakeholders advise the organisation to organise CSR in a dedicated working party. This would represent a significant improvement in terms of policy development and the collection of information.

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 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, 12 March 2015

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 per usual, Corporate Governance will be included as a separate agenda item at the Annual General Meeting of Shareholders to be held on 19 May 2015.

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 will be 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 2014 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 2014 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 and III.6.3
There were no transactions in 2014, 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 in view of the company's size.

Best practice III.6.4
There were no transactions in 2014 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.

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.

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 21,905,562 ordinary shares, each with a face value of two euro cents (€ 0.02). Each share grants the right to one vote.

Limitations on the transfer of shares

Beter Bed Holding 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 the substantial holdings in Beter Bed Holding N.V. is enclosed in the chapter 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 General Meeting of Shareholders 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 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. The General Meeting can suspend or dismiss a member of the Management Board. The 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 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.

The 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. The company submits the draft amendment of the Articles of Association to the Netherlands Authority for the Financial Markets and Euronext Amsterdam N.V.

The Management Board's powers

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

The Annual General Meeting of Shareholders held on 19 May 2014 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 of Shareholders.

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 of Shareholders held on 19 May 2014 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 of Shareholders.

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 of Shareholders held on 19 May 2014 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 of Shareholders.

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

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 has served as Chairman of the Group Management of department store chain V&D (Vroom & Dreesmann) until 2007 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 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 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 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, Douglas Holding AG, Miktom Topco (BasicFit) B.V. and Macintosh Retail Group N.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.

Ms De Groot holds 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.

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 Supervisory Directors are included in the section Supervisory Board (see page 51). In accordance with the provisions of the Dutch Corporate Governance Code, all Supervisory Directors are impartial.

Supervisory Directors are appointed for a period that runs up to and including the day of the first Annual General Meeting of Shareholders, 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/ Reappointment**
E.A. de Groot	1 May 2011		AGM 2015
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

The group's revenue rose by 1.8% to € 364.0 million in the year under review. During the year, the activities of the Slaapgenoten, Matrassen Concord Netherlands and Matrassen Concord Belgium formulas were discontinued. The costs involved had already been recognised in the 2013 financial year.

Net profit more than doubled in 2014, rising from € 8.2 million to € 16.9 million.

The Supervisory Board is satisfied with the revenue and profit growth, and with the manner in which the Management Board has led the company on its route to recovery. Given the achievement of the plans in 2014 and the refocused strategy for 2015, the Supervisory Board is confident that the company will be able to strengthen its position in its various markets.

Financial statements, discharge, dividend

The financial statements were prepared by the Management Board and our auditor, Ernst & Young Accountants LLP, subsequently issued an unqualified audit opinion with these financial statements. The report issued by Ernst & Young Accountants LLP is included in the section Auditor's report (see page 94). We discussed the financial statements in detail in the presence of the Management Board and Ernst & Young Accountants LLP.

Following the publication of the trading update on the third quarter results in October 2014, the company decided to distribute an interim dividend of € 0.28 per share. In accordance with the Management Board's proposal, we propose distributing a final dividend of € 0.37 per share. This means that 85% of the profit for 2014 will be distributed in the form of shareholder dividends. This is in line with the dividend policy (see page 12), which was approved in the Annual General Meeting of Shareholders on 27 April 2005.

The Supervisory Board has approved the 2014 financial statements and proposes to adopt these at the Annual General Meeting of Shareholders to be held on 19 May 2015, 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 2014.

Composition of the Supervisory Board

The members of the Supervisory Board are appointed by the Annual General Meeting of Shareholders. 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.

The Supervisory Board is currently comprised of Ms E.A. de Groot, Mr D.R. Goeminne, Mr A.J.L. Slippens and Mr W.T.C. Van der Vis. With the exception of Mr Goeminne, who is of Belgian nationality, all Supervisory Directors have Dutch nationality.

Mr D.R. Goeminne and Mr A.J.L. Slippens were reappointed as Chairman and Vice Chairman of the Supervisory Board for a period of four years at the Annual General Meeting of Shareholders on 19 May 2014.

According to the rotation schedule, after the upcoming Annual General Meeting of Shareholders Ms E.A. de Groot will retire as Supervisory Director. A motion will be put forward at the General Meeting to reappoint Ms De Groot for a period of four years.

Activities of the Supervisory Board

In 2014 the Supervisory Board was again 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 one conference call 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.

Naturally, extensive attention was paid to the operating results of the various formulas and the group, and especially to the refocusing of the Beter Bed and Beddenreus formulas, developments in Germany and Spain and the omni-channel strategy. The logistics strategy for the Netherlands was also reviewed and the expansion policy was discussed.

In addition, the Supervisory Board visited the updated Beter Bed formula and held talks with the Works Council and the Tax inspector.

The company met with the external auditor on two occasions. In March 2014 they discussed the results for 2013 and the audit findings. The half-year results were discussed in August 2014, along with the results of the audit of the half-year results conducted by the external auditor.

In the autumn, the Supervisory Board conducted a process, in consultation with the Management Board, with a view to arriving at the nomination of an auditor to be newly appointed in the Annual General Meeting of Shareholders on 19 May 2015. This process was finalised in March 2015.

The budget for 2015, which was discussed during the meeting of 17 December 2014, 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.

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 Committee, the Management Board and the external auditor discussed the 2013 financial statements, the 2013 annual report, the 2014 half-year results and the related management letter in detail. The Audit Committee also focused on the audit plan for 2014, compliance with previous recommendations, tax issues, liquidity and funding, and the company's risk management and monitoring system. At the end of each meeting, the Audit Committee met with the external auditor in the absence of the Management Board.

The Audit Committee and the Management Board again established in 2014 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 2014, one committee meeting 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 2014 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.

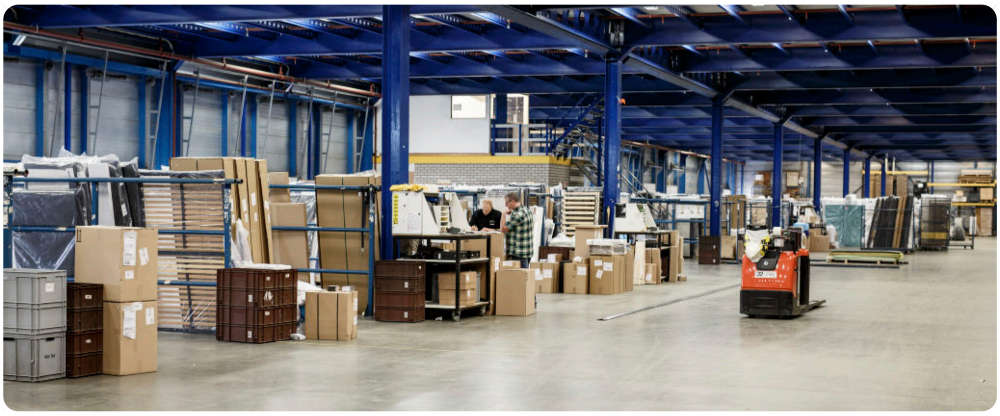
Uden, The Netherlands, 12 March 2015

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 of Shareholders on 23 April 2009 and partly revised during the AGM 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. No such benchmarking was performed in 2014.

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 2014 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 2014 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 2014.

The table below shows the remuneration of Mr Anbeek and Mr Koops for 2014.

in thousand €	Total	Salary	Pension	Variable remuneration	Employee stock options[1]
A.H. Anbeek	663	323	97	169	74
B.F. Koops	394	200	50	85	59

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 main 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 of Shareholders;
- 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 one 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.

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 2014, Mr Anbeek and Mr Koops held the following options for shares in Beter Bed Holding N.V.:

	2014		2013		2011		2010	
	A.H. Anbeek	**B.F. Koops**	A.H. Anbeek	B.F. Koops	A.H. Anbeek	B.F. Koops	A.H. Anbeek	B.F. Koops
Number	**40,000**	**32,000**	50,000	-	50,000	-	50,000	-
Value of each option at time of awarding	**€ 1.84**		€ 1.57		€ 1.58		€ 3.54	
Exercise price	**€ 17.37**		€ 14.09		€ 14.67		€ 19.07	
Expiry date	**19 May 2019**		25 April 2018		28 April 2017		29 April 2016	
Profit target in millions of €	**-**		-		32		32	
Target	**TSR>AScX**		TSR>AScX		-		-	
Target achieved	**No**		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 2010 was approved in the Annual General Meeting of Shareholders held on 28 April 2010.

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

- Supervisory Director fee € 18,000.
- Fee for committee membership € 4,500.
- Extra fee for Chairman € 10,000.

The Supervisory Board fees were as follows in 2014 (in EUR):

Supervisory Director	Supervisory Board	Audit cmte	Remuneration cmte	Chair man	**Total 2014**	Total 2013
D.R. Goeminne	18,000	4,500	4,500	10,000	**37,000**	37,000
A.J.L. Slippens	18,000	-	4,500	-	**22,500**	22,500
E.A. de Groot	18,000	4,500	4,500	-	**27,000**	27,000
W.T.C. van der Vis	18,000	4,500	4,500	-	**27,000**	18,000

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Per 31 December before proposed profit appropriation

in thousand €	Notes	2014	2013
Fixed assets			
Tangible fixed assets	1. 12.		
Land		**5,460**	5,460
Buildings		**3,240**	3,515
Other fixed operating assets		**20,189**	16,616
		28,889	25,591
Intangible fixed assets	2. 12.		
Intangible operating assets		**3,517**	2,833
Financial fixed assets			
Deferred tax assets	17.	**497**	549
Long-term accounts receivable	3.	**271**	277
		768	826
Current assets			
Stocks	4.		
Finished products and goods for resale		**53,481**	55,549
Debtors	5.		
Trade accounts receivable		**2,027**	1,276
Other debtors		**5,528**	5,932
Income tax receivable	17.	**2,030**	924
		9,585	8,132
Cash and cash equivalents	6.	**20,883**	9,554
Total assets		**117,123**	102,485

in thousand €	Notes	2014	2013
Liabilities			
Equity attributable to equity holders of the parent	7.		
Issued share capital		**438**	436
Share premium account		**17,673**	16,145
Reserve for currency translation differences		**814**	755
Revaluation reserve		**2,847**	2,847
Other reserves		**30,003**	29,582
Retained earnings		**16,860**	8,198
		68,635	57,963
Long-term obligations	9.		
Provisions	8.	**1,251**	2,678
Deferred tax liabilities		**2,218**	2,424
		3,469	5,102
Current liabilities			
Current liabilities	10.		
Credit institutions	11.	**-**	4,975
Trade creditors		**17,517**	8,746
Profit tax payable	17.	**-**	-
Taxes and social security contributions		**7,304**	8,456
Other liabilities		**20,198**	17,243
		45,019	39,420
Total liabilities		**117,123**	102,485

CONSOLIDATED PROFIT AND LOSS ACCOUNT

2014

in thousand €	Notes	2014		2013	
Revenue	12.	**363,953**		357,363	
Cost of sales		**(155,300)**		(154,178)	
Gross profit		**208,653**	**57.3%**	203,185	56.9%
Wage and salary costs	13.	**89,858**		87,369	
Depreciation and impairment of fixed assets	15.	**8,242**		9,988	
Other operating expenses	16.	**87,511**		93,544	
Total operating expenses		**185,611**	**51.0%**	190,901	53.4%
Operating profit (EBIT)		**23,042**	**6.3%**	12,284	3.4%
Financial income		**66**		94	
Financial expenses		**(365)**		(810)	
Profit before taxation		**22,743**	**6.2%**	11,568	3.2%
Income tax expense	17.	**(5,883)**		(3,370)	
Net profit		**16,860**	**4.6%**	8,198	2.3%
Earnings per share	19.				
Earnings per share in €		**0.77**		0.38	
Diluted earnings per share in €		**0.77**		0.38	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2014

in thousand €	2014			2013		
	Gross	**Tax**	**Net**	Gross	Tax	Net
Profit	**22,743**	**(5,883)**	**16,860**	11,568	(3,370)	8,198
Non-recyclable:						
Change in revaluation reserve						
- due to revaluation of land	**-**	**-**	**-**	-	-	-
Recyclable:						
Movements in reserve for						
currency translation differences	**59**	**-**	**59**	142	-	142
Total comprehensive income	**22,802**	**(5,883)**	**16,919**	11,710	(3,370)	8,340

CONSOLIDATED CASH FLOW STATEMENT

2014

in thousand €	2014	2013
Cash flow from operating activities		
Profit before taxes	**22,743**	11,568
Income tax paid	**(7,143)**	(8,722)
Depreciation and impairments	**8,242**	9,988
Release employee stock options	**(439)**	(101)
Movements in:		
– Stocks	**2,068**	5,163
– Debtors	**(347)**	2,942
– Provisions	**(1,427)**	2,678
– Short-term liabilities	**10,574**	(1,497)
– Short-term investment liabilities	**(1,701)**	-
– Other	**42**	153
	32,612	22,172
Cash flow from investing activities		
Additions to (in)tangible fixed assets	**(13,211)**	(5,439)
Short-term investment liabilities	**1,701**	-
Disposals of (in)tangible fixed assets	**1,004**	806
Changes in long-term accounts receivable	**6**	251
	(10,500)	(4,382)
Cash flow from financing activities		
Repayment of loan	**(1,000)**	(2,000)
Share reissuance	**1,851**	846
Dividend paid	**(7,659)**	(6,954)
	(6,808)	(8,108)
Change in net cash and cash equivalents	**15,304**	9,682
Cash and cash equivalents at the end of the financial year	**20,883**	9,554
Current bank overdraft not including repayment obligations at the end of the financial year	**-**	(3,975)
Net cash and cash equivalents at the end of the financial year	**20,883**	5,579
Cash and cash equivalents at the beginning of the financial year	**9,554**	5,224
Current bank overdraft not including repayment obligations at the beginning of the financial year	**(3,975)**	(9,327)
Net cash and cash equivalents at the beginning of the financial year	**5,579**	(4,103)
Change in net cash and cash equivalents	**15,304**	9,682

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. 2013	**55,832**	**436**	**16,145**	**613**	**2,847**	**21,373**	**14,418**
Net profit 2013	8,198	-	-	-	-	-	8,198
Other components of comprehensive income 2013	142	-	-	142	-	-	-
Profit appropriation 2012	(2,608)	-	-	-	-	11,810	(14,418)
Interim dividend 2013	(4,346)	-	-	-	-	(4,346)	-
Reissuance of shares	846	-	-	-	-	846	-
Release of employee stock options	(101)	-	-	-	-	(101)	-
Balance on 31 Dec. 2013	**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	(1,526)	-	-	-	-	6,672	(8,198)
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**

GENERAL NOTES

General

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 compiled in accordance with the International Financial Reporting Standards (IFRS), as approved for use in the European Union and in accordance with the interpretations as adopted 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 drawn up in euros and all amounts have unless stated otherwise been rounded off to thousands (€ 000).

The 2014 consolidated financial statements of Beter Bed Holding N.V. have been drawn up by the Management Board and were considered in the meeting of the Supervisory Board on 12 March 2015. 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 2015. 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:

IFRS 10	Consolidated Financial Statements, effective 1 January 2014.
IFRS 11	Joint Arrangements, effective 1 January 2014.
IFRS 12	Disclosure of Interests in Other Entities, effective 1 January 2014.
IFRS 10-12	Transitional provisions, effective 1 January 2014.
IAS 27	Statutory Financial Statements, effective 1 January 2014.
IAS 28	Investments in Associates and Joint Ventures, effective 1 January 2014.
IAS 32	Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities, effective 1 January 2014.
IAS 36	Impairment of Assets, effective 1 January 2014.
IAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting, effective 1 January 2014.

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 2014 financial statements. Only those standards and interpretations are listed below that Beter Bed Holding reasonably expects to have an impact on the disclosures, the financial position or the results of Beter Bed Holding upon future application. Beter Bed Holding intends to apply these standards and interpretations as soon as they become effective.

IFRS 9	Financial instruments, effective 1 January 2018*.
IFRS 15	Revenue from contracts with customers, effective 1 January 2017*.
IAS 1	Presentation of the financial statements – Disclosure initiative, effective 1 January 2016*.
IAS 16 and IAS 38	Tangible fixed assets and intangible assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016*.
IAS 19	Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015.
IAS 27	Statutory Financial Statements – Equity Method in the Statutory Financial Statements, effective 1 January 2016*.
IFRIC 21	Levies Charged by Public Authorities, effective 17 June 2014.

* *Not yet approved by the European Union.*

Annual Improvements to IFRSs 2010-2012 Cycle (published December 2013), effective 1 February 2015. Annual Improvements to IFRSs 2011-2013 Cycle (published December 2013), effective 1 January 2015. Annual Improvements to IFRSs 2012-2014 Cycle (published September 2013), effective 1 January 2016.

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. 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. 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. Pursuant to these letters of guarantees, the Dutch group companies have made use of the exemption options laid down in Article 403, paragraphs 1 and 3, of Part 9, Book 2 of the Dutch Civil Code.

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	Moers, 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 GesmbH	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; result items are translated at the rate of exchange at the time of the transaction. The resultant exchange differences are credited to or deducted from the profit and loss account. Exchange differences in the annual accounts of foreign group companies incorporated in the consolidation are taken directly to the reserves. The results of consolidated foreign participating interests are translated into euros at the average exchange 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

Tangible fixed assets

Tangible fixed assets other than company land are valued at the purchase price or production price less straight-line depreciation based on the expected economic life or lower realisable value. Company land is valued at the estimated current value. Land is carried at fair value on the basis of periodic valuations by an outside expert. Any revaluations are recognised in equity, with a provision for deferred taxation being formed at the same time. Company land and tangible fixed assets under construction are not depreciated.

A tangible fixed asset is derecognised in the event of disposal or if no future economic benefits are expected from its disposal or use. Any gains or losses arising from its balance sheet derecognition (calculated as the difference between the net proceeds on disposal and the book value 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 economic life and valuation principles are reviewed and if necessary adapted at the end of the financial year.

Lease agreements

The determination whether an arrangement forms or contains a lease agreement is based on the content 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 evenly throughout the lease period.

Intangible fixed assets

Initial valuation of intangible fixed assets is at cost price, with the cost price of intangible fixed assets obtained through acquisition equal to the real value as of the acquisition date. Thereafter, valuation is at cost price minus cumulative write-downs and impairment. Costs of development are activated when they are likely to generate future economic benefit.

Intangible fixed assets are assessed in order to determine whether they have a limited or unlimited life span.

Intangible fixed assets are written down over the life span and checked for impairment if there are indications that the intangible fixed asset may have been subjected to impairment.

The period and method used to write down an intangible fixed asset with limited life span are assessed in any event at the end of each period under review. Any changes in the expected life span or expected pattern of the future economic profits from the asset are accounted for by means of a change in the write-down period or write-down method and must be treated as a change in estimate. Write-downs on intangible fixed assets with limited life spans are recognised in the profit and loss account.

Any profits or losses arising from the off-balance-sheet status of intangible fixed assets relate to the difference between net profit upon sale and the book value of the asset, and are recognised in the profit and loss account, so that the asset is actually no longer included in the balance sheet.

Impairment of assets

The company assesses per reporting date whether there are indications that an asset has been impaired. If there is any such indication or if the annual assessment of impairment of an asset is required, the company estimates the asset's realisable value.

An asset's realisable value is the higher of the fair value of an asset or the cash-flow generating unit (after deduction of the selling costs) and the value in use. If an asset's book value exceeds the realisable value, the asset is deemed to have been impaired and its value is decreased to the realisable value. When assessing the value in use, the present value of the estimated future cash flows is determined, with the application of 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 a formerly included impairment loss no longer exists or has decreased. If there is any such indication, the realisable value is estimated. A formerly included impairment loss is only reversed if a change has occurred in the estimate that was used to determine the realisable value of the last impairment loss since it was included in the accounts. In that case, the book value of the asset is increased to the realisable value. This increased amount cannot be higher than the book value that would have been determined (after deducting sums in depreciation) if no impairment loss had been included for the asset in previous years. Any such reversal is accounted for in the profit and loss account.

Derecognition in the balance sheet 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 no longer included in the balance sheet 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 obligation is no longer included in the balance sheet once the obligation has been fulfilled or discontinued or has expired. If an existing financial obligation is replaced by another from the same lender, under substantially different conditions, or if considerable amendments are made to the conditions of the existing obligation, the replacement or amendment is dealt with by including the new obligation in the balance sheet and no longer including the original obligation. The difference between the relevant book values is included in the profit and loss account.

Taxation

Tax liabilities for current or previous 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 the applicable tax legislation.

A provision is formed for deferred tax liabilities based on the temporary differences on the balance sheet date between the tax book value of assets and liabilities and the book value entered in these financial statements. Deferred tax liabilities are entered 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 amounts of assets and liabilities for tax purposes and the book values recognised 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.

Stocks
Stocks are valued at the lower of cost price and market value. The cost price consists of the purchase price less purchase discounts and plus additional direct costs. The market value is formed by the estimated sale price within normal business operations minus the estimated costs of completion and the estimated costs for settling the sale. Where necessary, the downward adjustment of the value of unmarketable goods is taken into account. Unrealised intercompany profits are eliminated from the stock valuation.

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

Other assets and liabilities
Other assets and liabilities are valued at amortised cost. Where necessary the assets take doubtful debts into account. 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

Net revenue
The net revenue is understood as the proceeds of the sale of goods and services to third parties less discounts and similar, and sales taxes. Revenue is valued at the time the goods are delivered to consumers and other customers.

Cost of sales
These comprise 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' arrangement. This pension fund is not, however, presently able to provide data that enable a pure application of IAS 19. Consequently this pension scheme is considered a defined contribution arrangement.

Virtually all other pension schemes are based on the defined contribution system. The premiums paid to the Wonen Industrial Pension Fund and to insurers respectively are included as expenses in the year for which they are applicable. There are no company specific pension schemes in the other countries.

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

Cash flow statement

The cash flow statement is drawn up 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 short-term bank overdrafts, inasmuch as this does not relate to the short-term component of long-term loans. Short-term bank overdrafts are accounted as an integral part of the 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 expenses of the transactions settled with employees in equity instruments are valued at the real value on the allotment date. The real value is determined on the basis of the Black & Scholes model. Performance conditions are taken into account when determining the value of the transactions settled in equity instruments.

The expenses of the transactions settled in equity instruments are, together with an equal increase to the capital and reserves, entered in the period in which the conditions relating to the performance and/or services are met, ending on the date on which the involved employees receive full rights to allotment (the date upon which these rights have become unconditional). The cumulative expenses, for transactions settled in equity instruments on the reporting date, reflect the degree to which the waiting period has expired and also reflects the company's best estimation of the number of equity instruments that will ultimately be allotted unconditionally. The amount that is charged to the profit and loss account for a certain period reflects the movements in the cumulative.

Risks

Currency risks, arising mainly from purchases in dollars, are not covered. 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 € 136 (2013: € 148) on the operating profit (EBIT) if sales prices remain the same. There are virtually no financial instruments in foreign currencies.

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 interest rate by 50 basis points would be approximately € 0 before tax (2013: € 25), on the basis of the use of the credit facilities at year-end 2014. The book value of the financial obligations 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 book value. 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 obligations (see page 81). For an explanation of the other risks, please refer to the related section in the Report of the Management Board (see page 24).

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 may not exceed two. The item stocks 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 2014 was 58.6% (2013: 56.6%). The – net interest-bearing – debt/EBITDA ratio was 0.0 in 2014 (2013: 0.22).

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. These operating segments are aggregated into a single reportable segment as the nature of the products, the customers and distribution methods are comparable and in addition the economic characteristics are similar.

Estimates

If important estimates are made when drawing up the financial statements, an explanation will be provided in the discussions for each item in question. Accounting estimates were applied mainly for the tangible and intangible fixed assets and the provision for onerous contracts.

NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

in thousand €, unless otherwise stated

1. Tangible fixed assets

	Land	Buildings	Other fixed operating assets	Total
Book value 1 January 2013	**5,460**	**3,878**	**21,598**	**30,936**
Investments	-	-	4,353	4,353
Currency adjustment	-	-	(12)	(12)
Disposals	-	-	(803)	(803)
Depreciation	-	(363)	(7,511)	(7,874)
Impairment	-	-	(1,009)	(1,009)
Book value 31 December 2013	**5,460**	**3,515**	**16,616**	**25,591**
Accumulated depreciation	-	5,599	70,111	75,710
Accumulated revaluation	(3,797)	-	-	(3,797)
Purchase price	**1,663**	**9,114**	**86,727**	**97,504**
Book value 1 January 2014	**5,460**	**3,515**	**16,616**	**25,591**
Investments	**-**	**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**

The revaluation relates to the company land at Uden and Hoogeveen and the land forming part of retail properties owned. These properties are located in the Dutch cities of Elst, Den Helder, 's Hertogenbosch and Uden. This land was revalued on 11 December 2012 by an independent valuer.

In the company's judgment, the fair value has not changed significantly since the last valuation.

The writedown included in the statement of movements for 2013 relates to the tangible fixed assets of the Dutch and Belgian Matrassen Concord stores and the Slaapgenoten stores. The recoverable value relating to the capitalised tangible fixed assets at these stores is estimated at zero, and the carrying amounts of the tangible fixed assets of the Dutch and Belgian Matrassen Concord stores and the Slaapgenoten stores were accordingly written down to zero.

The tangible fixed assets are intended for own use.

2. Intangible fixed assets

	2014	2013
Book value 1 January	**2,833**	2,855
Investments	**1,839**	1,086
Disposals	**(2)**	(3)
Depreciation	**(1,153)**	(1,057)
Impairment	**-**	(48)
Book value 31 December	**3,517**	2,833
Accumulated depreciation	**4,839**	3,748
Purchase price	**8,356**	6,581

The intangible operating assets consist mainly of licenses and software.

The writedown included in the statement of movements for 2013 relates to the intangible fixed assets of the Dutch and Belgian Matrassen Concord stores and the Slaapgenoten stores.

3. Long-term accounts receivable

The deposits in connection with the rent of stores are presented as financial fixed assets given the long term nature of these receivables.

4. Stocks

This comprises stocks held in stores to the value of € 47,923 (2013: € 50,043) and stocks held in warehouses to the value of € 5,558 (2013: € 5,506). The write-down for possible obsolescence included in this item can be specified as follows:

	2014	2013
Balance at 1 January	**2,357**	1,863
Additions	**82**	1,038
Withdrawals	**(766)**	(544)
Balance at 31 December	**1,673**	2,357

The provision is determined taking account of the quantity of goods withdrawn from the range or returned to suppliers.

Within the additions included in the statement of movements € 643 relates to the writedown of the stocks of the Slaapgenoten stores and the Dutch and Belgian Matrassen Concord stores set to be closed. The provision of € 772 recognised in 2013 for these stores was nil at year-end 2014.

5. Debtors

All the accounts receivable fall due within less than one year and are carried at amortised cost price 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. A provision of € 60 (2013: € 91) is recognised for wholesale accounts receivable. This is 44.9% (2013: 100%) of the overdue receivables.

6. Cash and cash equivalents

This item relates to the cash, cheques and bank balances. The amount is composed as follows: cash € 260 (2013: € 272), bank balances € 19,361 (2013: € 6,340) and cash in transit € 1,262 (2013: € 2,942).

7. Equity

The movements in the equity items are shown in the consolidated equity movement overview (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.

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

	2014	2013
Issued and paid-up shares as at 1 January	**21,805,117**	21,805,117
Share issue on exercise of employee stock options	**100,445**	-
Issued and paid-up shares as at 31 December	**21,905,562**	21,805,117
Shares in portfolio as at 1 January	**23,805**	75,805
Repurchased during the year	**-**	-
(Re)issue on exercise of options	**(21,082)**	(2,000)
Sale of shares in portfolio	**-**	(50,000)
Shares in portfolio as at 31 December	**2,723**	23,805

A total of 121,527 shares were sold at a price of € 15.23 with a view to the exercise of employee stock options, resulting in an increase of equity (see page 69) by € 1,851.

The shares in portfolio 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 company land.

A proposal will be submitted to the Annual General Meeting of Shareholders to distribute a final dividend in cash of € 0,37 per share. The total dividend for 2014 will therefore amount to € 0.65 per share (2013: € 0.27).

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 can be broken down as follows:

	2014	2013
Balance at 1 January	**4,542**	-
Additions	**-**	4,542
Withdrawals	**(1,885)**	-
Releases	**(602)**	-
Balance at 31 December	**2,055**	4,542
Of which short-term (in other liabilities)	**804**	1,864
Total provision for onerous rental contracts	**1,251**	2,678

The provision for onerous rental contracts is based on the rent and the remaining term, taking account of a subletting probability and a mark-up for service costs.

9. Long-term obligations

The deferred tax liabilities relate to the differences between the valuation of stocks and fixed assets, including company land, in the Netherlands, Germany and Switzerland for tax and financial reporting purposes. This difference is long-term in nature.

The movements in this item in 2014 and 2013 are as follows:

	2014	2013
Balance at 1 January	**2,424**	2,400
Over profit and loss account	**(206)**	24
From equity	**-**	-
Balance at 31 December	**2,218**	2,424

Within deferred tax liabilities at the end of the financial year € 949 (2013: € 949) relates to the revaluation of company land and € 614 (2013: € 731) to the difference between the valuation of stock for tax purposes and for financial reporting purposes; € 655 relates to the difference between the valuation of the tangible fixed assets for tax purposes and for financial reporting purposes (2013: € 744).

A loan of € 10.0 million at a fixed rate of interest of 4.75% was entered into in mid-June 2009. The loan has a term of five years and will be repaid in monthly instalments. The annual repayment obligation of € 2.0 million is paid from current cash flows. This loan was repaid in full in June of this year.

10. Current obligations

To fund the group the company has current account facilities totalling € 42.8 million at its disposal. Furthermore, facilities totalling € 7.2 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 credit providers.

The above-mentioned current account facilities include a committed facility in the amount of € 20.0 million, which will expire on 31 July 2015. As security for the committed facility, mortgages have been provided for the Uden and Hoogeveen distribution centres and for the Den Helder store premises. The main conditions of the account overdraft facilities are a minimum solvency rate of 25% and a maximum net 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 € 0.7 million (2013: € 0.8 million). Of the facilities available specifically to provide guarantees, a total of € 6.1 million was in use at year-end 2014 (2013: € 5.5 million).

The other liabilities include a pension liability for a former employee of € 1.4 million (2013: € 1.3 million), calculated on an actuarial basis.

11. Financial obligations

The financial obligations can be specified as follows:

	up to 3 months	3 to 12 months	1 to 5 years
2014			
Accounts payable	**17,517**	**-**	**-**
Credit institutions	**-**	**-**	**-**
Total	**17,517**	**-**	**-**
2013			
Accounts payable	8,746	-	-
Credit institutions	4,475	500	-
Total	**13,221**	**500**	**-**

The market value of the financial obligations is roughly equal to amortised cost.

12. Information by geographic area

Revenue by country	2014	%	2013	%
Germany	213,159	58	201,114	56
The Netherlands	109,203	30	114,984	32
Other countries	42,660	12	41,852	12
Intercompany adjustment	(1,069)	-	(587)	-
Total	**363,953**	**100**	357,363	100

(In)tangible fixed assets by country	2014	2013
The Netherlands	19,361	13,774
Germany	10,194	12,312
Other countries	2,851	2,338
Total	**32,406**	28,424

13. Wage and salary costs

The following wage and salary components are included in the operating expenses:

	2014	2013
Wages and salaries	74,637	71,739
Social security costs	13,371	13,141
Pension costs	2,289	2,590
Employee stock options	(439)	(101)
Total	**89,858**	87,369

The pension contributions relate virtually exclusively to defined contribution schemes or schemes designated as such. Free fall for employee stock options, € 116 relate to the current and former members of the company's Management Board (2013: € 83).

Average number of employees

All the companies included in the consolidation had an average of 2,388 employees (FTE) in 2014 (2013: 2,458):

	2014	2013
Germany	1,558	1,561
The Netherlands	576	629
Spain	49	62
Austria	117	116
Switzerland	79	78
Belgium	9	12
Total	**2,388**	2,458

14. Option program

The options are long-term in nature and can be exercised providing that the profit target has been met. The costs of the option program are calculated using the Black & Scholes model. With effect from 2013, the costs of the options program 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 hereafter.

The conditions have been 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.

	2014	2013	2011	2010	2009
Number granted	**166,700**	166,500	218,000	218,000	218,000
Number outstanding	**166,700**	111,000	180,750	176,750	174,250
Value according to Black & Scholes	**€ 1.78 - € 1.93**	€ 1.26 - € 1.76	€ 1.58	€ 3.54	€ 3.20
Exercise from	**19-5-2017**	25-4-2016	28-10-2013	29-10-2012	28-10-2011
Exercise through	**19-5-2019**	25-4-2018	28-4-2017	29-4-2016	28-4-2015
Profit target (in millions)	**-**	-	€ 32.0	€ 32.0	€ 25.0
Profit target achieved in year	**-**	-	-	-	2010
TSR > AScX	**No**	No	-	-	-
Share price on the allotment date	**€ 17.37**	€ 14.09	€ 14.67	€ 19.07	€ 15.23
Exercise price	**€ 17.37**	€ 14.09	€ 14.67	€ 19.07	€ 15.23
Expected life	**5 years**	5 years	3.8 years	5.5 years	3.8 years
Risk-free rate of interest (%)	**0.78 - 0.46**	0.75 - 0.48	1.71	2.25	2.40
Volatility (%)[1]	**27.50 - 21.94**	31.93 - 30.19	32.15	40.40	48.00
Dividend yield (%)	**5.20**	5.90	9.00	7.35	5.00

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 121,527 options were exercised in 2014 at a price of € 15.23. This related to 121,527 options from the 2009 series. In 2014, another 39,575 options expired, as a number of employees holding options left the company before the expiration dates. No options expired in 2014 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 I. Lastly, 166,700 new options were granted in 2014. See the summary of option series outstanding (see page 14).

15. Depreciation

	2014	2013
Depreciation and impairment on tangible fixed assets	**7,089**	8,883
Depreciation and impairment on intangible fixed assets	**1,153**	1,105
Total of depreciation and impairment	**8,242**	9,988

The depreciation rates, which are based on the expected economic life, are as follows:

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

16. Other operating expenses

The other operating expenses comprise € 45.6 million in rental and lease costs (2013: € 53.0 million), with the remainder relating mainly to selling and distribution costs.

The Dutch and Belgian Matrassen Concord stores and the Slaapgenoten stores were closed in 2014. A provision for the costs to be incurred for this was recognised in 2013. In addition, a number of the stores of El Gigante del Colchón were closed in 2013 and a reorganisation of the Benelux head office was carried out. The costs incurred for these reorganisations and restructuring in 2013 totalled € 7.4 million.

17. Income tax expense

A tax asset is recognised at year-end 2014 under financial fixed assets of € 31 (2013: € 83) relating to future tax loss carryforwards.

The differences between the valuation of tangible fixed assets for tax purposes and for financial reporting purposes give rise to the recognition of a tax asset of € 323 (2013: € 321). The other differences between the tax and accounting bases of valuation totalled € 143 (2013: € 145).

An amount of € 7,623 (2013: € 6,390) in tax loss carry forwards is not recognised in the balance sheet, as their utilisation is currently assessed as being unlikely. These tax-offsettable losses are subject to the following terms:

Term	
1 year	-
2 - 5 years	-
6 - 10 years	384
11 - 18 years	4,358
Infinite	2,881

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 2014 and 31 December 2013:

	2014	2013
Profit before taxes	**22,743**	11,568
At the applicable legal rate of 25.0% in the Netherlands (2013: 25.0%)	**5,686**	2,892
Adjustment profits tax previous years	**109**	100
Permanent differences	**(1,613)**	(1,259)
Future loss set-off not included	**407**	939
Recognition of previously unrecognized deferred tax assets	**-**	(72)
Effect of the tax rates outside the Netherlands	**1,294**	770
At an effective tax rate of 25.9% (2013: 29.1%)	**5,883**	3,370
Profit tax in the consolidated profit and loss account	**5,883**	3,370

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

	2014	2013
Tax for current year	**5,929**	3,344
Adjustment of profit tax for prior years	**109**	100
Temporary differences	**(208)**	(114)
Future tax loss carryforwards	**53**	40
Profit tax in the consolidated profit and loss account	**5,883**	3,370

18. Remuneration of the Management and Supervisory Board

In 2014 and 2013 the remuneration for the members of the Management Board is as follows:

	A.H. Anbeek		B.F. Koops		D. van Hoeve		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Salary	**323**	323	**200**	166	**-**	49	**523**	538
Variable remuneration	**169**	97	**85**	45	**-**	-	**254**	142
Pension	**97**	97	**50**	38	**-**	-	**147**	135
Employee stock options	**(125)**	36	**9**	-	**-**	(119)	**(116)**	(83)
Social security charges	**9**	9	**9**	7	**-**	2	**18**	18
Lease car	**13**	13	**16**	12	**-**	4	**29**	29
Total	**486**	575	**369**	268	**-**	(64)	**855**	779

In 2014 and 2013 the remuneration for the members of the Supervisory Board is as follows:

	2014	2013
D.R. Goeminne	**37**	37
A.J.L. Slippens	**23**	23
E.A. de Groot	**27**	27
W.T.C. van der Vis	**27**	18
C.A.S.M. Renders	**-**	9
Total	**114**	114

The variable remunerations relate to the year in which they are classified and are included in the expenses of that year. For a detailed explanation, please refer to the 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 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 € 16.9 million divided by the average number of outstanding shares totalling 21,854,740 equals to an earnings per share of € 0.77. Due to the option series outstanding, the number of shares used for the calculation of the diluted earnings per share is equal to 21,900,404. This results in diluted earnings per share of € 0.77.

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 shown as follows:

Duration	**2015**	**2016**	**2017**	**2018**	**2019**	**after 2019**
Rental agreements	38,635	26,131	16,168	9,418	6,061	1,756
Lease agreements	2,012	1,348	737	355	127	150
Total	**40,647**	**27,479**	**16,905**	**9,773**	**6,188**	**1,906**

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, whereby a clause has been included stipulating that the agreements can be terminated without charge within the first two years.
In the year under review amounts of € 43.1 million (2013: € 50.5 million) arising from rental agreements for real estate and € 2.5 million (2013: € 2.5 million) arising from lease agreements have been recorded in the profit and loss account.

At year-end 2014, the Wonen Industrial Pension Fund for the Home Furnishings Industry had a funding ratio of 111.2% (year-end 2013: 101.1%). As at 31 December 2014, the company had no additional obligation.

21. 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.

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.

22. 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.

COMPANY FINANCIAL STATEMENTS

Company balance sheet

At 31 December

in thousand € (before proposed profit appropriation)	Notes	2014	2013
Fixed assets			
Tangible fixed assets		**3**	4
Intangible fixed assets		**154**	153
Financial fixed assets	1.	**159,228**	148,632
		159,385	148,789
Current assets			
Debtors	2.	**3,069**	4,060
Cash and cash equivalents	3.	**9**	830
		3,078	4,890
Total assets		**162,463**	153,679

in thousand € (before proposed profit appropriation)	Notes	2014	2013
Capital and reserves	4.		
Issued share capital		**438**	436
Share premium account		**17,673**	16,145
Reserve for currency translation differences		**814**	755
Revaluation reserve		**2,847**	2,847
Other reserves		**30,003**	29,582
Retained earnings		**16,860**	8,198
		68,635	57,963
Provisions	5.	**12,857**	13,208
Current liabilities	6.	**80,971**	82,508
Total liabilities		**162,463**	153,679

Company profit and loss account

2014

in thousand €	**2014**	2013
Net profit of participating interests	**11,819**	2,822
Other income / expenses	**5,041**	5,376
Net profit	**16,860**	8,198

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 are valued at net asset value. 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, then a provision is formed for amounts owed by the participating interest and, when so required, a provision is formed.

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.

1. Financial fixed assets

This item includes the participating interests in the group companies and the amounts owed by the group companies. The movement in this item is as follows:

	Participating interests in group companies	Loans	Total
Balance at 1 January 2013	**53,862**	**87,918**	**141,780**
Profit from participating interest in 2013	2,822	-	2,822
Dividend paid	(1,300)	-	(1,300)
Capital contribution	15	-	15
Exchange gain	31	-	31
Granted loans to group companies	-	87,240	87,240
Repaid loans to group companies	-	(87,336)	(87,336)
Movements in participating interests provision	5,113	267	5,380
Balance at 31 December 2013	**60,543**	**88,089**	**148,632**
Balance at 1 January 2014	**60,543**	**88,089**	**148,632**
Profit from participating interest in 2014	11,819	-	11,819
Dividend paid	(1,029)	-	(1,029)
Capital contribution	98	-	98
Exchange gain	59	-	59
Granted loans to group companies	-	-	-
Repaid loans to group companies	-	-	-
Movements in participating interests provision	(502)	151	(351)
Balance at 31 December 2014	**70,988**	**88,240**	**159,228**

2. Debtors

	2014	2013
Group companies	323	409
Taxes and social security contributions	402	1,445
Other debtors	2,344	2,206
Total	**3,069**	4,060

All debtors fall due within one year.

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 2014 21,905,562 shares had been issued and paid up (2013: 21.805.117).

Shares repurchased and not yet cancelled total 2,723. The share repurchase in the company's own capital was financed from the other reserves. These 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 2014 and 2013 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 2014 and 2013 are as follows:

	2014	2013
Balance at 1 January	**13,208**	7,828
Other movements	(351)	5,380
Balance at 31 December	**12,857**	13,208

6. Current liabilities

The breakdown of this balance sheet item is as follows:

	2014	2013
Credit institutions	**80,053**	82,065
Group companies	**-**	-
Taxes and social security contributions	**-**	-
Other liabilities, accruals and deferred income	**918**	443
Total	**80,971**	82,508

In 2014, Beter Bed Holding put in place a new cash pool structure in which no current account intra-group balances are used.

7. Financial statement audit fees

The fees for the audit of the financial statements performed by Ernst & Young Accountants LLP amounted to:

	2014	2013
Audit of financial statements	**207**	187
Other non-audit services	**16**	42
Total	**223**	229

The other non-audit engagement entails the assessment of the half-year figures.

8. Commitments not included in the balance sheet

The company, as the responsible company within the tax entity in the Netherlands, is liable for debts arising from corporation tax owed by the Dutch companies.

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, 12 March 2015

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 link 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 of Shareholders.

Appropriation of profit

2014	
Profit for the year	16,860
Interim dividend	(6,133)
Addition of reserves[1]	(2,623)
Available for payment	**8,104**

1 On the basis of the balance of outstanding and repurchased shares as at 31 December 2014.

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

Independent auditor's report

To: the shareholders and Supervisory Board of Beter Bed Holding N.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of Beter Bed Holding N.V., based in Uden. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2014, and of its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9, Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2014, and of its result for 2014 in accordance with Part 9, Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated balance sheet as at 31 December 2014;
2. the following statements for 2014: consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and the consolidated statement of changes in equity;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2014;
2. the company profit and loss account for 2014;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

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 "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Beter Bed Holding N.V. in accordance with the Regulation on the independence of auditors in assurance engagements (the Dutch ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Accountants Code of Conduct Regulation (the Dutch VGBA).

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

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 2,500,000. The materiality is based on approximately 0.75% of the 2014 revenue, which we consider to be the most relevant and relatively stable base to determine the materiality. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

The materiality for the financial statements as a whole is allocated to the audit of the group entities based on the relative size of the individual entity.

We agreed with the Supervisory Board that misstatements in excess of €125,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view are relevant on qualitative grounds.

Scope of the group audit

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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities such as the Beter Bed and Beddenreus formulas in the Netherlands, Matratzen Concord in Germany and the holding entity also based in the Netherlands. For Beter Beheer in the Netherlands we performed specific audit procedures on tangible fixed assets and cash and cash equivalents, since these items represent a significant proportion of the total. We performed the audit procedures on the Dutch entities ourselves. We used the work of other EY auditors when auditing the German entity. The audit procedures on the significant entities represent 86% of the consolidated revenue.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have obtained sufficient and appropriate audit evidence with respect to the group's financial information to issue an opinion on the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The revenues of Beter Bed Holding N.V. as included in the financial statements under the general accounting principles and specifically in disclosure note 12 are based on the delivery of goods and services to third parties less discounts. A part of the revenue is recognised directly in the stores upon direct receipt of the goods by the customer. The remaining part of the revenue is realised upon delivery at the customer's home. The main risks identified for the financial statements are related to the proper allocation of revenue to the correct financial year and the realisation of correct and complete margins.

We have designed our audit procedures to obtain certainty with respect to this revenue recognition. Our audit approach contains both internal control testing procedures and a number of substantive audit procedures. For a number of entities we applied data analysis as well. An important part of our audit concerned the correct allocation of revenues between the financial years and we have focused on the margin analyses which were performed with a high level of detail.

Closure of Slaapgenoten and Matrassen Concord in the Netherlands and Belgium
As included in disclosure note 'Provisions' in the financial statements, Beter Bed Holding N.V. has simplified its formula portfolio in the Benelux countries. The operations of the formulas Matrassen Concord in the Netherlands and Belgium and Slaapgenoten were completely terminated in the course of 2014. The 2013 financial statements already stated a provision for rental obligations. The provision is subject to subjective estimates, and takes account of subletting.

During our audit we focused on the run-off of the provision during the year. Furthermore, we assessed management's current estimates for the remaining part of the provision and concluded that account has again been taken of subletting.

Responsibilities of management and the Supervisory Board for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements on the basis of the going concern assumption unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management must disclose events and circumstances that could cast reasonable 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 objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of certainty, which means we may not have detected all errors and fraud during our audit.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included:

- identifying and assessing the risks of material misstatement in 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 override of internal control;
- obtaining an understanding of the internal controls 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 controls;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- establishing that management's use of the going concern assumption is acceptable, and based on the audit evidence obtained, whether there are events or circumstances that could lead to reasonable doubt as to 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. However, future events or circumstances may lead to the company no longer being able to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 findings in internal controls 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 if, in extremely rare circumstances, communicating the matter would not be in the public interest.

Report on other legal and regulatory requirements

Report on the annual report and the other data

Pursuant to legal requirements of Part 9, Book 2 of the Dutch Civil Code (concerning our obligation to report about the annual report and the other data):

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

Appointment

We were appointed as the auditor of Beter Bed Holding N.V. by the Supervisory Board with effect from the audit for year 1996, and have acted as external auditor since that date.

Eindhoven, The Netherlands, 12 March 2015

Ernst & Young Accountants LLP

signed W.J. Spijker

OTHER INFORMATION

HISTORICAL SUMMARY

at 31 December	**2014**	2013	2012	2011	2010	2009
Result (in thousand €)						
Revenue	**363,953**	357,363	397,288	397,035	374,724	361,470
Gross profit	**208,653**	203,185	223,843	224,410	209,507	197,832
EBITDA[1]	**31,284**	22,272	38,143	46,798	45,308	40,388
Operating profit (EBIT)	**23,042**	12,284	23,719	38,288	37,460	32,638
Net profit	**16,860**	8,198	14,418	28,025	27,937	23,918
Depreciation and impairment	**8,242**	9,988	14,424	8,510	7,848	7,750
Cash flow	**25,102**	18,186	28,842	36,535	35,785	31,668
Net investment	**(12,207)**	4,633	10,262	13,082	7,590	5,648
Capital (in thousand €)						
Total assets	**117,123**	102,485	110,855	114,571	113,977	109,077
Equity	**68,635**	57,963	55,832	62,015	60,851	55,052
Figures per share						
Net profit in €	**0.77**	0.38	0.67	1.29	1.30	1.12
Cash flow in €	**1.15**	0.84	1.33	1.69	1.66	1.49
Dividend paid in €	**0.65**	0.27	0.47	1.10	1.30	1.04
Average number of outstanding shares (in 1,000 of shares)	**21,855**	21,734	21,681	21,660	21,512	21,310
Share price in € at year-end	**17**	18	13	14	21	16
Ratios						
Revenue growth	**1.8%**	-10.0%	0.1%	6.0%	3.7%	0.8%
Gross profit/revenue	**57.3%**	56.9%	56.3%	56.5%	55.9%	54.7%
EBITDA/revenue	**8.6%**	6.2%	9.6%	11.8%	12.1%	11.2%
Operating profit/revenue	**6.3%**	3.4%	6.0%	9.6%	10.0%	9.0%
Net profit/revenue	**4.6%**	2.3%	3.6%	7.1%	7.5%	6.6%
Solvency	**58.6%**	56.6%	50.4%	54.1%	53.4%	50.5%
Interest cover	**77.1**	17.2	59.0	88.2	96.3	49.5
Other information						
Number of stores at year-end	**1,127**	1,175	1,219	1,187	1,117	1,064
Number of FTE at year-end	**2,369**	2,420	2,495	2,451	2,353	2,274
Revenue per FTE (in € 1,000)	**154**	148	159	165	163	163

1 *Operating profit before depreciation, impairment and amortisation.*

FINANCIAL CALENDAR

13 May 2015	Publication Q1 2015 trading statement
19 May 2015	Annual General Meeting of Shareholders
20 May 2015	Publication declaration of dividend
21 May 2015	Listing ex-dividend 2014
22 May 2015	Record date of dividend 2014
5 June 2015	Payment of dividend 2014
17 July 2015	Publication Q2 2015 trading statement
28 August 2015	Publication half-year figures 2015
28 August 2015	Analysts' meeting half-year figures 2015
30 October 2015	Publication Q3 2015 trading statement
3 November 2015	Listing ex-dividend (interim) 2015
4 November 2015	Record date of interim dividend 2015
18 November 2015	Payment of interim dividend 2015
20 January 2016	Publication Q4 2015 trading statement

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

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