Beter Bed Holding

HARD AT WORK ON A GOOD NIGHT'S REST

2013

BETER BED HOLDING ANNUAL REPORT

Profile

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through a total of 1,175 stores at the end of 2013 that operate via the chains Beter Bed (the Netherlands and Belgium), Matratzen Concord (Germany, Switzerland, Austria, the Netherlands and Belgium), El Gigante del Colchón (Spain), BeddenREUS and Slaapgenoten (both in the Netherlands). Beter Bed Holding is also active in the field of developing and wholesaling branded products in the bedroom furnishings sector in the Netherlands, Germany, Belgium, Spain, Austria, Switzerland and the United Kingdom via its subsidiary DBC International. Beter Bed Holding N.V. achieved net revenue of € 357.4 million in 2013. More than 67% of the net revenue is realised outside the Netherlands. The company has been listed on NYSE Euronext Amsterdam since December 1996 and the share Beter Bed Holding 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 WE SUPPORT

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INTRODUCTION

Dear reader,

2013 was a challenging year for Beter Bed Holding. With the exception of Austria and Switzerland, consumer confidence and the propensity to buy were under pressure in all markets. This led to a 10% decrease in revenue for the full year 2013, mainly as a result of a fall in the number of visitors in our stores in those countries. The conversion did increase in these countries however.

The company successfully drove costs down even further in 2013, increased gross profit, reduced rental expenditure and floor space with a view to the online developments and, lastly, commenced a sharp reduction of net working capital for the coming three years. Strategic partnerships with suppliers were initiated in the course of 2013 to progress towards those goals.

In Germany, the propensity to buy fell in 2013 in the home furnishing segment in general and the bedroom furniture segment in particular. In the first half of the year, the number of visitors was further depressed by the inclement winter weather and floods in the eastern and southern parts of Germany. This led to lower revenue. Market share increased despite these trends. In 2013, the online revenue of Matratzen Concord grew strongly through its own web shop and its partnership with Amazon.de.

In the Netherlands, consumer confidence and the propensity to buy fell to a record low in 2013. Formulas such as Slaapgenoten, which targets the higher end of the market, and Matratzen Concord in the Benelux with stores that are often located outside home furnishing centres, performed even less well as a result. This eventually led to the decision to rationalise the Benelux retail portfolio and to focus exclusively on Beter Bed and BeddenREUS. BeddenREUS entered into an alliance with Bol.com at the end of 2013. Further alliances with strategic online players in the Benelux are being prepared for 2014, despite challenging market conditions.

Beter Bed's expansion in Belgium in 2013 advanced satisfactorily, as did online revenue, which grew by some 10%. In the Netherlands, the introduction of a service for our customers to return their old mattresses for a small fee and to have them recycled by a waste processing business was accelerated.

The cash & carry model, which had been tested in 2012, was successfully introduced in Spain in 2013. In addition, around 30 stores were closed in 2013. This led to a return to profitability for the remaining 31 stores from July 2013.

The company expects to continue its focus on cost savings, margin improvement, and a reduction of rental expenditure and net working capital in 2014. Also, in countercyclical anticipation of a recovery of the markets in the course of 2014/early 2015, a start will be made on relaunching all formulas in all countries so as to attract more visitors with more competitive, alluring and contemporary stores and to increase conversion. A start was made on this, on the basis of thorough market research, at Beter Bed in the Benelux in early 2014.

The rationalisation of the brand portfolio and the refocusing of its formulas Beter Bed Holding expects to benefit from an improving market in the course of 2014, underpinned by the solid, fundamentally lower cost base it put in place in 2013.

Finally, we would like to thank our employees in all the countries for their commendable dedication and commitment over the past year.

Yours sincerely,

Ton Anbeek,
Chief Executive Officer

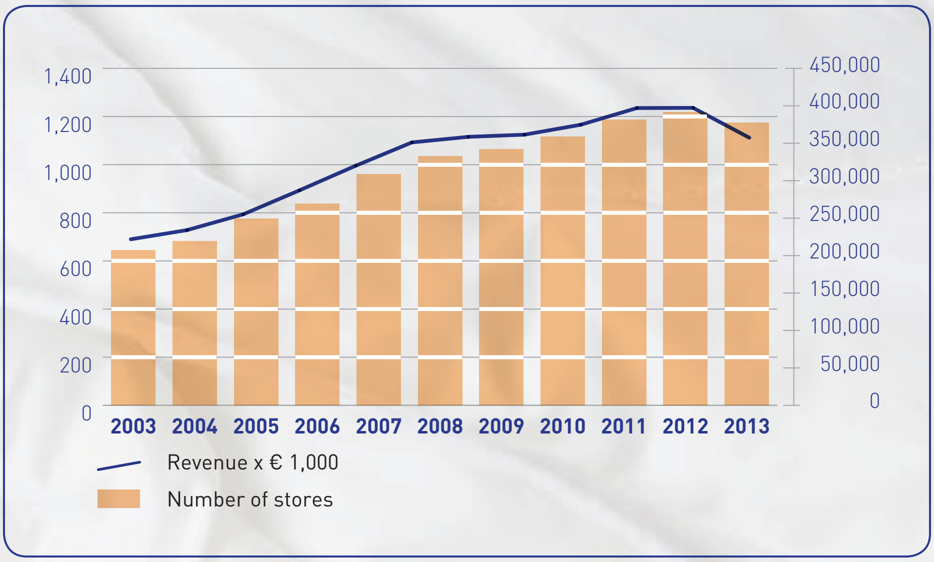
Uden, the Netherlands, 13 March 2014

2013 IN BRIEF

The year 2013 was characterised by:

- Persistent low consumer confidence and low propensity to buy in the Netherlands.
- Restrained propensity to make bed and mattress purchases in Germany.
- Slow revenue growth and revenue in Austria and Switzerland.
- Proposed closure of Matrassen Concord Netherlands and Belgium and Slaapgenoten.
- Prosperous expansion of Beter Bed in Belgium.
- Successful turnaround in Spain from July 2013.
- New online partnerships with Amazon.de and Bol.com.
- 10.0% decline in revenues.
- 3.5% decrease in average expenses per store.
- 37.0% decrease in operating results excluding costs of close year of Matrassen Concord, Netherlands and Belgium, closing of Slaapgenoten and reorganisation charges for Spain and headquarters in Brussels.
- € 8.2 million net profit.
- € 0.27 dividend per share (versus € 0.47 in 2012).
- 75 store openings, 119 store closures; decrease of 44 stores on balance. Total: 1,175 stores.

Revenue and number of stores



KEY FIGURES

at 31 December, in thousand €, unless otherwise stated	2013		2012	
Revenue	**357,363**		397,288	
Gross profit	**203,185**	**56.9%**	223,843	56.3%
Total operating expenses	**190,901**	**53.4%**	200,124	50.4%
EBITDA	**22,272**	**6.2%**	38,143	9.6%
Operating profit (EBIT)	**12,284**	**3.4%**	23,719	6.0%
Net profit	**8,198**	**2.3%**	14,418	3.6%
Average number of outstanding shares (in 1,000 of shares)	**21,734**		21,681	
Earnings per share €	**0.38**		0.67	
Diluted earnings per share €	**0.38**		0.66	
Share price in € at year-end	**17.61**		13.20	
Solvency	**56.6%**		50.4%	
Interest-bearing debt/EBITDA	**0.22**		0.33	
Interest cover	**17.2**		59.0	
Number of staff at year-end (FTE)	**2,420**		2,495	
Number of retail stores at year-end	**1,175**		1,219	

Share of certified mattresses (The Netherlands/Germany)	**77%**	62%
Diversity in management	**22% ♀**	16% ♀
Number of signed codes of conduct (The Netherlands/Germany)	**100%/100%**	97%/100%
Waste recycling	**46%**	46%
CO_2 emissions (in 1,000 kg)	**24,286**	24,389

NUMBER OF STORES

Number of stores per formula

Formula		1 Jan. 2013	Closed	Opened	31 Dec. 2013
Matratzen Concord	Germany	852	44	56	**864**
	Austria	67	7	4	**64**
	Switzerland	52	10	9	**51**
	The Netherlands	27	9	-	**18**
	Belgium	6	2	1	**5**
		1,004	72	70	**1,002**
Beter Bed	The Netherlands	87	-	-	**87**
	Belgium	1	-	4	**5**
		88	-	4	**92**
El Gigante del Colchón	Spain	63	32	-	**31**
BeddenREUS	The Netherlands	44	4	-	**40**
Slaapgenoten	The Netherlands	16	7	-	**9**
Schlafberater.com	Germany	4	4	-	**-**
Schlafberater.com	Switzerland	-	-	1	**1**
Total		1,219	119	75	**1,175**

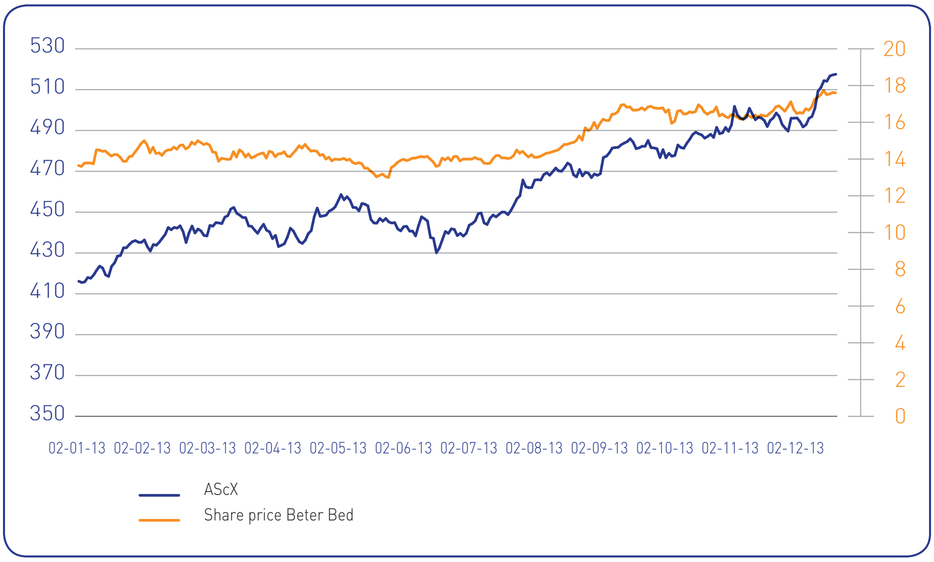
Number of stores per country

Country	1 Jan. 2013	Closed	Opened	31 Dec. 2013
Germany	856	48	56	**864**
The Netherlands	174	20	-	**154**
Spain	63	32	-	**31**
Austria	67	7	4	**64**
Switzerland	52	10	10	**52**
Belgium	7	2	5	**10**
Total	1,219	119	75	**1,175**

SHARE INFORMATION

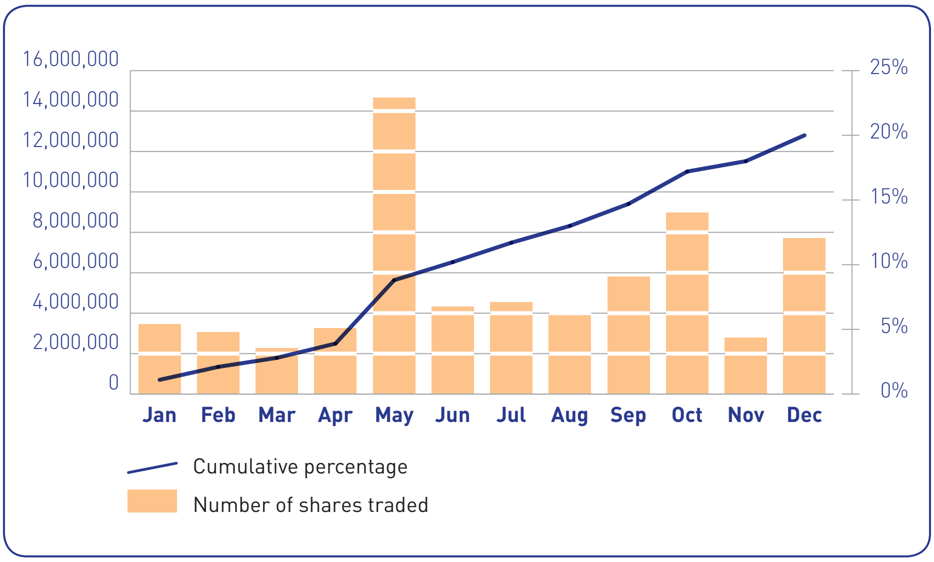
The shares in Beter Bed Holding N.V. are quoted on NYSE Euronext Amsterdam under security code NL0000339703. The shares of Beter Bed formed part of the Euronext Amsterdam Small cap Index (AScX) in 2013. The number of shares outstanding at the end of 2013 totalled 21,805,117. No new shares were issued and repurchased in 2013. Shares repurchased and not yet cancelled totalled 23,805 at the end of the year under review. In the year under review, 52,000 shares were sold from the portfolio, of which 2,000 owing to the exercise of employee stock options. The average number of shares used to calculate earnings per share is 21,733,913. The number of shares used to calculate the diluted earnings per share is equal to 21,747,829. Earnings per share for 2013 total € 0.38 compared to € 0.67 in 2012. The diluted earnings per share in 2013 are € 0.38 (2012: € 0.66).

Share price development



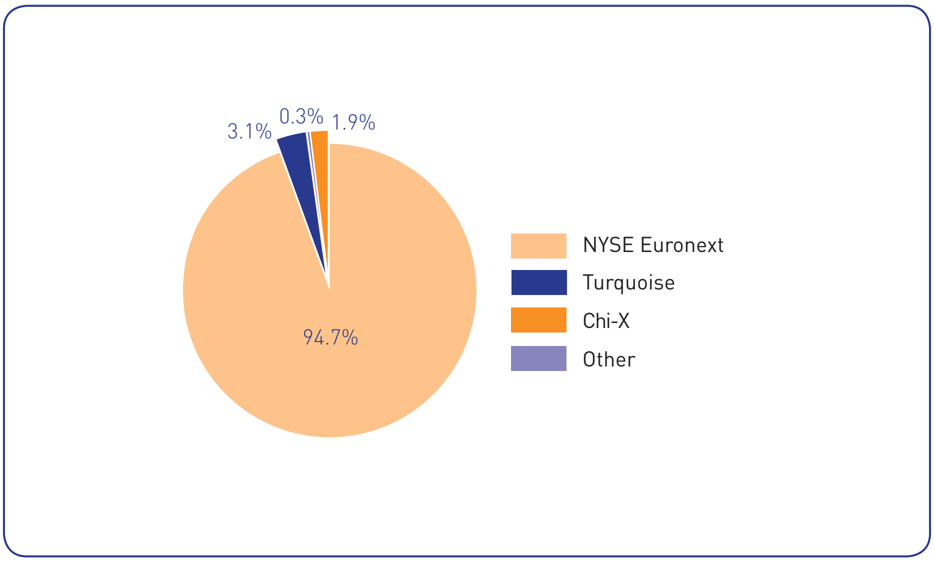
Trading volume

The diagram below shows the number of shares traded on NYSE Euronext Amsterdam per month and the cumulative percentage of the outstanding shares that were traded in 2013 (as at 1 January).



Two liquidity providers operated on behalf of the Beter Bed share in 2013, namely ING Commercial Banking and Rabobank International.

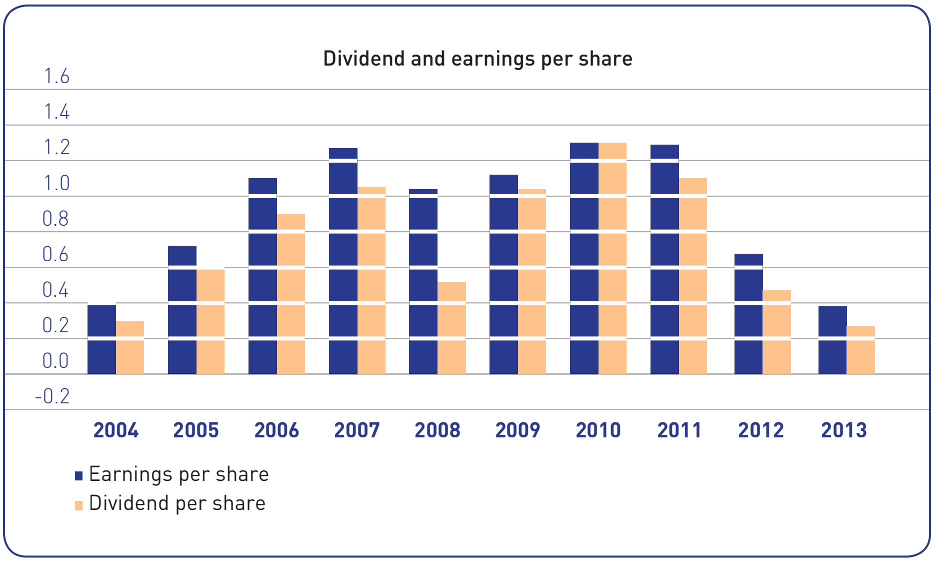
Distribution of trading volume



The above chart shows the share of the volume traded in 2013 between NYSE Euronext and the main alternative trading platforms Turquoise, Chi-X and others (BATS, Equiduct 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.



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.

	2013	2012	2011
Number of outstanding shares	**21,805,117**	21,805,117	21,805,117
Repurchased but not cancelled shares	**23,805**	75,805	132,925
Closing price (€)	**17.61**	13.20	13.99
Highest closing price (€)	**17.74**	17.84	22.77
Lowest closing price (€)	**13.00**	13.20	12.75
Earnings per share (€)	**0.38**	0.67	1.29
Dividend per share (€)	**0.27**	0.47	1.10
Payout ratio	**72%**	70%	85%
Market capitalisation (in € million)	**384**	288	305

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 press releases containing complete financial reports on a quarterly basis and through trading updates preceding the publication of the annual figures and half-year figures.

It is also considered important to bring the company and the Beter Bed Holding share to the attention of prospective investors and to maintain the relationship with existing shareholders. 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 interim figures. The company furthermore attends conferences organised by brokers and receives interested parties at the company's offices or at its stores.

On 9 January 2014, it was announced that in 2014 Beter Bed Holding had, as in the previous year, been awarded a prize in the Dutch IR Awards 2014, this time in the category of 'AScX/Local Professional'. This was Beter Bed Holding's third consecutive nomination by the analysts and institutional investors of the Dutch IR Awards panel.

Substantial holdings as stated in the register of the Netherlands Authority for the Financial Markets AFM

The following holdings as of the date of this annual report 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. The Dutch Financial Supervision Act was amended on 1 July 2013 and the first threshold values for the disclosure of major shareholdings have been lowered from 5% to 3%.

Shareholder	Date of notification	Share
Breedinvest B.V., Laren, NL	01-11-2006	12.8%
Delta Lloyd Deelnemingen Fonds N.V., Amsterdam, NL	01-11-2006	11.6%
ASR Nederland N.V., Utrecht, NL	06-10-2008	6.6%
Kempen Oranje Participaties N.V., Amsterdam, NL	01-01-2010	6.5%
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	5.1%
Menor Investments B.V., Limmen, NL	11-10-2013	4.8%
Navitas B.V., Alphen aan den Rijn, NL	18-10-2013	3.4%

Options

Options for shares (to be issued) have been 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
2008	-	-	-	8.15	29-04-2014
2009	-	50,000	124,250	15.23	28-04-2015
2010	50,000	-	126,750	19.07	29-04-2016
2011	50,000	-	130,750	14.67	28-04-2017
2013	50,000	-	116,500	14.09	25-04-2018

Insider regulations

The company maintains insider regulations. 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.

Financial calendar 2014

16 May 2014	Publication of trading statement for Q1 2014
19 May 2014	Annual General Meeting of Shareholders
20 May 2014	Publication declaration of dividend
18 July 2014	Publication of trading statement for Q2 2014
22 August 2014	Publication of interim results 2014
22 August 2014	Analysts' meeting to discuss 2014 interim results
30 October 2014	Publication of trading statement for Q3 2014
23 January 2015	Publication of trading statement for Q4 2014

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

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, 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 of 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

Positioning

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 (local or otherwise) and the 'customer is king' 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. An assessment of a number of retail formulas took place in 2013. Further thereto it was decided at the start of 2014 to close the Slaapgenoten and Matrassen Concord formulas in the Netherlands and Belgium. The Beter Bed formula was also evaluated in the latter part of 2013 and updated by a new marketing strategy. This process will be completed in 2014. A similar approach will be pursued in 2014 for BeddenREUS and Matratzen Concord in Germany, Austria and Switzerland.

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. In response to the current challenging market conditions and to increase profitability where possible, the company successfully tightened its focus even further on margin improvement and cost reductions in 2013. Cost reductions were for instance achieved by reorganisations in Spain and at the head office in the Netherlands. Maintaining margins and containing costs continue to be priorities for 2014.

Financing 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 2014. 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:

Formula management

- Growth in revenue at comparable stores (like-for-like growth) by increasing visitor numbers, conversion, average order value and customer satisfaction.

- 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 product concepts are 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 demand (local or otherwise), 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 our customers and damage to the environment to a minimum. We aim for 80% of our mattresses to be certified and tested by independent institutes for the presence of hazardous materials by 2016.

- Developing our 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 omnichannel 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.

Cost control

- 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.

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.

- 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.

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
The Netherlands
Belgium

Slaapgenoten
The Netherlands

DBC International
The Netherlands
Germany
Spain
Belgium
Austria
Switzerland
United Kingdom

M LINE®
Sleep well. Move better.

El Gigante del Colchón
Spain

PERSONAL PROFILES

Supervisory Board

The Supervisory Board consists of Mr D.R. Goeminne, Mr A.J.L. Slippens, Ms E.A. de Groot and Mr W.T.C. van der Vis. Mr Van der Vis was appointed effective 25 April 2013 to succeed Mr C.A.S.M. Renders on the Supervisory Board of Beter Bed Holding. With the exception of Mr Goeminne, who is of Belgian nationality, all supervisory directors have Dutch nationality.

D.R. Goeminne, Chairman (1955, male)
Dirk Goeminne studied Applied Economics at 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). Since 1 June 2013, he has been the acting CEO of Ter Beke NV. Mr Goeminne currently serves on the Supervisory Boards of Beter Bed Holding N.V., 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.

A.J.L. Slippens, Vice Chairman (1951, male)
Abel Slippens studied food technologies at the HAS in 's-Hertogenbosch and Business Administration (ct) at Nijenrode. 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. He serves on the Supervisory Boards of Beter Bed Holding N.V., Simac Techniek N.V. (Chairman), Van Lanschot Bankiers N.V. and Blokker Holding B.V.

E.A. de Groot (1965, female)
Els 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). She worked in the financial industry from 1987 to 2012, where she held a variety of positions in finance, capital management and risk management. She held positions including Executive Vice President at ABN AMRO (until 2008) and acting CFO at Van Lanschot Bankiers (2009/2010). On 1 May 2012, she became the CFO (as well as a board member) at Schiphol Group. She also serves on the board of Aéroports de Paris. Ms De Groot is a supervisory director for Beter Bed Holding.

W.T.C. van der Vis (1967, male)
Ronald van der Vis studied Business Administration at Nijenrode University, and holds a Master's degree in Business Administration from the Manchester Business School (England). From 1994 to 1998, he was CEO of Koninklijke Ahrend NV in Germany and the Czech Republic. From 1998 to 2009, he worked for the Pearle Europe Group, first as CEO Central Europe (based in Germany) and from 2004 as Group CEO. Until 2013, he was Executive Director of the Board & Group CEO for Esprit Holdings Limited in Hong Kong. Mr Van der Vis is a supervisory director for Sonova Holding AG, Douglas Holding AG, Beter Bed Holding N.V., Miktom Topco (Basic Fit International) BV and Macintosh Retail Group N.V.

Management Board

The Management Board of Beter Bed Holding is comprised of Mr A.H. Anbeek, Chief Executive Officer and Mr B.F. Koops, Finance Director/CFO. Both Mr Anbeek and Mr Koops hold Dutch nationality.

A.H. Anbeek (1962, male)
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 B.V. in Deventer, the Netherlands as Managing Director in early 2007.

Mr Anbeek joined Beter Bed Holding N.V. on 1 January 2010 and was subsequently appointed Chief Executive Officer effective 1 March 2010.

B.F. Koops (1957, male)
Bart Koops studied Business Economics and Accountancy at VU University Amsterdam.

He began his career in 1985 as an accountant and EDP auditor at Van Dien & Co. After a foray into the world of insurance at Prudential Leven N.V., he held management and executive positions with various Vendex/KBB subsidiaries, including Magazijn de Bijenkorf, Hema and M&S Mode, from 1994 until 2006, when he became CFO for the Etam Group. From 2008 until 2011, he worked in the Middle East as CFO of the Retail Division of M.H. Alshaya Co WLL. Since his return to the Netherlands, he has been working as a consultant, also serving in positions such as interim CFO for booksellers Selexyz Boekhandels BV, CEO of AT5 and program manager for Magazijn de Bijenkorf.

He joined Beter Bed Holding N.V. on 1 April 2013 and was appointed CFO on 25 April 2013.

REPORT OF THE MANAGEMENT BOARD

General details

Revenues in the major countries in which Beter Bed operates were under pressure in 2013. In the Netherlands and Spain in particular, economic conditions remained stubbornly poor, as a result of which recovery in the bed market failed to materialise. Meanwhile, in Germany, an unexpected reduction in the customer's propensity to buy in the home furnishing and bedroom furniture segments put further pressure on revenues. A more favourable picture was seen in Austria and Switzerland.

In the Netherlands, consumer sentiment remained negative in 2013 as a result of continuing uncertainty on the job market, questions about pensions and the ongoing housing market crisis. The government's announcement in autumn of further budget cuts only aggravated this unease. Revenue in the Netherlands fell by 17.1%, primarily as a result of lower visitor numbers, while annual revenue performance in comparable stores was -16.4% annually. Online sales continued to grow in 2013 and now account for some 5% of total revenue.

In the current market, we saw visitor numbers at Matrassen Concord stores (generally locations away from home furnishing centres/retail parks) fall dramatically, particularly in the Netherlands (where consumer confidence continues to suffer as a result of the economic crisis), but also to some extent in Belgium. Additionally, the distinction between this formula and the BeddenREUS formula has become ever smaller. The same can be seen in the higher segment, where the Slaapgenoten formula in the Netherlands is facing tougher and tougher conditions for a relatively small player. Despite drastic cost-cutting measures and substantial improvement in margin, the heavy pressure on revenues has led to lower results for these formulas and, accordingly, lower results of Beter Bed Holding N.V. as a whole.

In that light, the decision was made to simplify the formula portfolio in the Benelux in 2014 and to place the strategic focus in these countries on the Beter Bed and BeddenREUS formulas. As a result, the commercial operation of the formulas Matrassen Concord Benelux and Slaapgenoten will gradually be discontinued over the course of 2014. The expenditures of € 6.4 million associated with this process has been incorporated into the 2013 result.

In Germany, the turnover in the first half of the year was negatively impacted by weather conditions. Over the course of the third quarter, it became clear that consumer willingness to spend in the home furnishings and bedroom furniture segments had fallen sharply. This underlying trend continued into the fourth quarter. Revenue over 2013 fell by 4.7%; looking at comparable stores, the decline was 8.4%.

Revenue in Austria and Switzerland exhibited a positive trend. Likewise, Beter Bed's expansion in Belgium proceeded according to plan. The situation in Spain stabilised; after the closing of 32 stores in 2013, a situation in which the losses were eliminated was reached.

As a result of all this, the group saw a decline in the revenues of comparable stores of 11.2% overall of 2013, while the total group revenues fell by 10.0% to € 357.4 million.

	2013	2012	Change
Revenue (in € million)	**357.4**	397.3	-10.0%
Operating profit (in € million)	**12.3**	23.7	-48.2%
Net profit (in € million)	**8.2**	14.4	-43.1%
Number of stores	**1,175**	1,219	-3.6%
Number of employees (FTE)	**2,420**	2,495	-3.0%

Gross margin rose from 56.3% in 2012 to 56.9% in 2013. This improvement was in part a result of improved purchasing conditions and, to a limited degree, a change in sales mix. The total costs dropped substantially as a result of a rigorous cost-cutting program that had been launched in 2012 and was further expanded and refined in 2013. Both wage costs and other controllable costs dropped noticeably. Average cost per store fell in 2013 by 3.5%.

Over all of 2013, the underlying operating profit (before one-time costs of closing the two formulas and the reorganisation expenses of Spain and Benelux headquarters) fell by 37.0%, from € 31.2 million in 2012 to € 19.6 million in 2013. The underlying operating profit as percentage of revenue fell from 7.9% in 2012 to 5.5% in 2013. Net profit (excluding the one-time closing and reorganisation expenses) declined by 36.8%, from € 22.2 million over 2012 to € 14.0 million over 2013.

Including the non-recurring expenses, operating profit declined by 48.2%, from € 23.7 million over 2012 to € 12.3 million in 2013. The operating profit as percentage of revenue fell from 6.0% in 2012 to 3.4% in 2013. Net profit declined by 43.1%, from € 14.4 million over 2012 to € 8.2 million over 2013.

In the reporting year, 75 stores were opened and 119 were closed. 14 closures were in connection with location improvements, while the rest were closed due to inadequate financial performance.

Investments, financing and cash flow

Total investments in 2013 were € 5.4 million. This was € 5.5 million lower than in 2012. Of the total investments, € 3.7 million was on new and existing stores. The remainder was primarily invested in IT, including webshops.

The cash flow (net profit plus depreciation) was € 18.2 million in 2013, as compared to € 28.8 million in 2012. Solvency at the end of 2013 was 56.6% (2012: 50.4%). At the end of 2013, the ratio between net interest-bearing debt and EBITDA was 0.22, as compared to 0.33 at the end of 2012. At the end of 2013, the remainder of the € 10.0 million loan taken at the end of the second quarter of 2009 was € 1.0 million.

2013 saw the start of the reduction of the net working capital. The approach was primarily directed towards reducing inventories and adjusting payment instalments. As compared to the end of 2012, inventories decreased by € 5.2 million to a level of € 55.5 million as at the end of 2013 and accounts payable slightly edged down by € 0.2 million to € 8.7 million despite a 10% decrease in revenue.

Matratzen Concord is a pan-European cash-and-carry formula serving the replacement market, Matratzen Concord specialises in the sale of mattresses, bed bases, bed textiles and related items to the consumer market. The chain operates 1,002 stores spread over five countries. The majority of the stores are located in non-prime areas ('C' locations) in or in the vicinity of city centres, near consumers. Matratzen Concord is the market leader in Germany, with a share of approximately 20% in 2013.

	2013	2012	Change
Revenue (x € 1,000)	**238,407**	251,220	-5.1%
Number of stores	**1,003**	1,004	-0.2%
Number of employees (FTE)	**1,775**	1,737	2.2%

At Matratzen Concord, the revenue in comparable stores declined by 7.7% in 2013, and total revenues in 2013 declined by 5.1%. This decline is particularly visible in Germany as a result of unfavourable weather conditions in the first half of 2013 and the underlying trend of diminished propensity to buy among consumers in the home furnishings and bedroom furniture segments. In addition, revenues in the Netherlands and Belgium stayed significantly behind expectations.

In the reporting year, 70 stores were opened and 72 were closed. Of the closings, 14 were the result of location improvements. In the spring of 2013, the German Matratzen Concord webshop was given a facelift, and sales through Amazon Germany began in 2013.

As stated above, the stores of the formulas Matrassen Concord Netherlands and Matrassen Concord Belgium (23 in total) will be closed over the course of 2014.

Beter Bed is a full-service chain 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 Netherlands and Belgium, preferably at 'furniture boulevards' or in the vicinity of other home furnishing stores. Beter Bed is the Dutch market leader, with a share of roughly 22.6% in 2013.

	2013	2012	Change
Revenue (x € 1,000)	**89,481**	102,421	-12.6%
Number of stores	**92**	88	4.5%
Number of employees (FTE)	**482**	512	-5.9%

Beter Bed's online sales developed positively over 2013. Its share in the revenue is currently approximately 4.6% (2012: 4.0%). Four stores were opened in the reporting year. Order intake in comparable stores fell by 13.5% in 2013. Total revenue declined in 2013 by 12.6% as compared to 2012.

The rejuvenation of the Beter Bed formula was launched in December 2013, aimed at making it more attractive and contemporary. This took the form of a more modern store presentation, new logo and an updated marketing and promotion strategy. The plan is to renovate all stores over a period from one to two years.

El Gigante del Colchón changed its retail format from full service to cash & carry after a successful test in 2012. After that, over the course of 2013 El Gigante del Colchón made major efforts in expanding its presence in the Spanish market, finishing with 31 stores at the end of the year. The location policy and store image are comparable to that of Matratzen Concord.

	2013	2012	Change
Revenue (x € 1,000)	**6,659**	12,911	-48.4%
Number of stores	**31**	63	-50.8%
Number of employees (FTE)	**44**	93	-52.7%

With the restructuring of the Spanish activities implemented in 2013, lossmaking stores were closed and the headquarters organisation was downsized to four people. When the Spanish market shows signs of sustainable recovery, El Gigante del Colchón will consider its ambitions for expansion.

BeddenREUS is a cash & carry formula operating in the discount end of the Dutch market. Besides 'furniture boulevards', the stores are located in non-prime (i.e. 'B' and 'C') locations.

	2013	2012	Change
Revenue (x € 1,000)	**11,862**	14,769	-19.7%
Number of stores	**40**	44	-9.1%
Number of employees (FTE)	**61**	73	-16.4%

In 2013, four stores were closed. The order intake in comparable stores fell by over 20.8%. As compared to 2012, revenues in 2013 fell by nearly 19.7% to € 11.9 million. In 2014, the BeddenREUS formula will be given a facelift.

Slaapgenoten This 9-store chain operates in the upper end of the Dutch bedroom and bedroom furniture specialist market. The stores are located at 'furniture boulevards'.

	2013	2012	Change
Revenue (x € 1,000)	**4,653**	7,869	-40.9%
Number of stores	**9**	16	-43.8%
Number of employees (FTE)	**18**	30	-40.0%

As already stated, Slaapgenoten has been having difficulties for quite some time now as a relatively small player in the higher segment. In 2013, efforts were made to improve the results that included closing a number of unprofitable stores. In view of the disappointing revenues, the decision was made in 2014 to phase out the formula completely. This will be carried out in 2014.

DBC International (Dutch Bedding Company) is the biggest commercial arm within Beter Bed Holding. Under its 'M Line', it develops and markets mattresses through an international dealer network, a select group of Beter Bed stores and Matratzen Concord. DBC International supplies customers in the Netherlands, Germany, Spain, Belgium, the United Kingdom, Austria and Switzerland.

	2013	2012	Change
Revenue (x € 1,000)	**13,365**	16,752	-20.2%
Number of employees (FTE)	**11**	14	-21.4%

In 2013, DBC International's revenues declined as a result of the difficult economic conditions in Europe, which has had the effect of reducing demand among consumers. In the fourth quarter of 2013, a number of new models were added to the the M Line series, and these have been well-received in the market.

For more information about the individual formulas, see www.beterbedholding.com.

Staff and organisation

As of 31 December 2013, the various companies that make up Beter Bed Holding employed a total of 2,420 FTEs, compared to 2,495 employees at year-end 2012. The decrease is mainly the result of the decrease in the number of stores.

The commitment and quality of the employees largely determines the company's success. Employees at the Beter Bed Holding retail formulas provide high-quality personal advice that contributes to the amount of the revenue. The manner in which the sales process is completed by the logistics organisation and our service staff also affects how customers regard their purchasing experience or talk about it with others. The company operates on the principle that the customer is king.

The support departments must facilitate these processes as customer friendly and efficiently as possible, and in so doing they contribute substantially to the company's reputation and profit. Ongoing development and training of all employees is therefore a key factor in increasing the company's profit, and training programs related to subjects such as product knowledge and sales methods are offered on a continuous basis.

In all countries, the company strives to fill its management positions with local personnel. The company has also set itself the goal of increasing the number of women in management positions.

Corporate Governance

The Management Board of Beter Bed Holding endorses the principles of the Dutch Corporate Governance Code and attempts to enforce this Code as much as possible. As of page 38 of this report is explained in what aspects the company departs from the best practice provisions contained in the Dutch Corporate Governance Code.

Risk management and risks

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

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

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

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

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

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

Financial

The main financial risk consists in failing to achieve the budgeted revenue and therefore the planned cash margins, mainly as a result of the continuing poor economic conditions and the low consumer confidence entailed by them. 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 amounts stated on receipts 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.

Operational

In operational terms the potential business disruption by strategic and other 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.

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. Systems 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.

A number of specific financial risks inherent in ordinary operations are discussed in the financial statements, and a sensitivity analysis for those risks is provided.

Reporting by the auditor

With a view to transparency in risk assessment, we propose to summarise 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 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 it had identified improvements compared to previous years, particularly in the field of controls in respect of automated systems and tax risks. The auditor also issued further recommendations for improvements, such a formalisation of the internal controls including IT. The external auditor reported that despite those recommendations, 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.

Wake up to a golden morning after a good night's rest! Gymnast Epke Zonderland also sleeps on M Line.

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. These risk- and controle 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 2013.

Expectations and outlook

Although there appear to be green shoots of an economic recovery, as reflected in growing (but still negative) consumer confidence, expected economic growth and a slight stabilisation of the housing market, we do not expect this to be expressed in a potential increase in spending until later in 2014. Recovery of confidence is an intrinsically slow process. Unemployment will for instance continue to rise and the problems of around one million households whose mortgages exceed the value of their homes will likewise persist. Moreover, it is too early to speak of a change in the purchasing behaviour of German consumers. Accordingly, there will be no substantial increase in revenue for Beter Bed Holding in the near term.

Nonetheless, in anticipation of the expected recovery, the various formulas will be further refocused in the months ahead, with an emphasis on increasing the number of visitors, the conversion, service and customer satisfaction. Marketing efforts will be stepped up and investments will be made in store refurbishments. We also plan a further, cautious expansion by some 20 stores in 2014.

In addition a solid, fundamentally lower cost base has been put in place in the past two years and margins have been substantially improved, and the necessary priorities in 2014 will continue to be further margin improvements, cost savings and closures of underperforming stores.

Overall, in our view the company is well-positioned to benefit in due course from an improving market and to expand its market share.

Uden, the Netherlands, 13 March 2014

A.H. Anbeek, Chief Executive Officer	B.F. Koops, Chief Financial Officer

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR at Beter Bed Holding

Within Beter Bed Holding N.V. and its operating companies, corporate social responsibility and healthy business practices go hand in hand. In Beter Bed Holding N.V.'s vision, its subsidiaries make a positive contribution to the society in which they operate. As such, corporate social responsibility is a fundamental part of our daily activities, and goes hand in hand with financially responsible operations.

Ton Anbeek: 'What we do needs to be good for people, animals and the planet, and therefore also for our customers, employees and business partners. To us, growth is much more than investing in more revenue. We firmly believe that this vision does not just benefit our results and reputation but also provides greater satisfaction in what we do. We do not only want to do things right but also and especially want to do the right things, in a financially sound manner.'

CSR is a standing agenda item in the Beter Bed Holding management meeting. With its flat, lean structure, the company can act on CSR directly. The management's open attitude ensures that CSR-related initiatives find their way into the organisation quickly and readily.

In 2012, the company committed to the United Nations' Global Compact Code. The ten principles identified within it are the foundation for all actions. These are set out in the codes of conduct for the company's own personnel and its strategic suppliers which are available on www.beterbedholding.com.

As in previous years, this report has been reviewed by MVOplossingen, an external CSR consultancy. The findings relating to CSR solutions concerning this report are described at the end of this section.

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.

This report covers the CSR activities undertaken in 2013 and the results achieved in light of the long-term (non-financial) targets formulated in 2012. The table shows what Beter Bed Holding N.V. achieved in the individual areas in 2013.

CSR targets at a glance

Subject	2013	2012	2011	Objective		
Chain management	100%	97%	52%	2013	100%	Codes of conduct signed
Diversity in management	22%	16%	13%	2016	30%	Women in management
Sickness-related absenteeism	3.5%	3.2%	3.5%	2016	3%	Germany
Sickness-related absenteeism	4.3%	4.8%	3.4%	2016	3.5%	The Netherlands
Safe products	77%	62%	49%	2016	80%	Certified mattresses
Energy consumption	275,000 GJ	270,000 GJ	255,000 GJ	2016	235,000 GJ	
Recycled waste	46%	46%	45%	2016	75%	

Over the past three years, Beter Bed Holding has made great strides in the area of CSR reporting, with the scores against the transparency benchmark being the testament to this progress as shown below.

This report closes this initial three-year period of communication on CSR, setting the stage for the new G4 directive. This means that the report limits itself to the key issues to a greater extent than in the past. The detail and background information are included in the GRI index on www.beterbedholding.com. The actual switch to G4 will be made in 2014. Going forward, the company will then be actively entering into dialogue with its stakeholders on the new reporting areas and their corresponding targets.

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. This is why in 2011 the organisation formulated targets designed to improve the quality and safety of its products, as well as customer satisfaction.

Quality and safety of products

In 2013, the percentage of mattresses tested and certified for hazardous substances in our two biggest markets, Germany and the Netherlands, increased from a combined total of 62 to 77. The goal for 2016 is to ensure that 80% of the total range of mattresses and across all Beter Bed Holding formulas is tested and certified.

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. The outcome of the system inspection and audit is that Beter Bed is only subject to limited supervision by NVWA in the next three years.

The results of the 2012 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 2014.

Beter Bed has been appreciated by its customers extremely highly for 30 years now. The image of its stores, the price/quality ratio, the knowledgability of its sales staff, the warranties and the after-sale service are all rated consistently highly across the board. The follow-up calls to customers within a few weeks after the purchase of a mattress are found to be particularly customer-friendly. Beter Bed Holding also uses comments and suggestions that reach it via social media to improve its services.

The goal of maintaining the percentage of 'first time right deliveries' (delivery complete and to the customers' full satisfaction on the first attempt) above 95% was again achieved in 2013.

In the Netherlands, products are delivered to the customer's home. Collecting and disposing of all packaging material after delivery has been standard procedure since February 2013. For a small fee, old mattresses are now taken in and recycled by our environmental partner Van Gansewinkel.

Staff

Staff training and development

Every employee receives an individual evaluation and performance interview every year. Beter Bed Holding is highly concerned with and involved in the training and development of its employees, as evidenced by the establishment of the Beter Bed Academy in 2010 in collaboration with the NCOI and the National Consortium for Business Groups. In 2013, 128 employees began a phased entry into the programmes of the Beter Bed Academy in the Netherlands, and 171 earned a diploma or partial certificate in 2013 (a 81% success rate).

Diversity

Diversity in the composition of management and other teams is a major ambition pursued by Beter Bed Holding. The efforts in this area have led to an increase in the number of women in management positions from 19 to 28 in 2013.

Employees	2013	2012	2011
Men	819	864	881
Women	2,196	2,220	2,111
Total	**3,015**	3,084	2,992

Management	2013	2012	2011
Men	99	103	106
Women	28	19	16
Total	**127**	122	122

Safety

Alongside maintaining a high standard for safety and quality of products, the company is highly concerned with the safety and health of the people behind our logistic processes. This is why in 2013 we conducted another random survey of the distribution centres and cargo bays of our delivery trucks in the Netherlands for hazardous instances. Beter Bed Holding is pleased to report again, in line with its expectations, that no hazardous substances were found.

Sickness-related absenteeism

Sickness-related absence fell slightly from 3.7% to 3.6% across the group in 2013. The figures for 2013 include figures on absenteeism for Austria and Switzerland for the first time. More extensive and effective support in cases of work-related absence due to illness and a lower number of people with long-term illnesses in the Netherlands contributed to the decrease. Absenteeism due to illness in Germany edged up due to a higher number of people with long-term illnesses.

Suppliers

In the selection of suppliers, Beter Bed Holding is highly concerned with both the commercial and the ethical sides of the relationship. The method of doing business must be compatible with the standards and values of Beter Bed Holding with a view to long-term relationships with the business partners. One of the things this requires is that both the supplier itself and its own suppliers adhere to all applicable laws and rules in their own countries. In 2013 the company severed its relationship with one supplier that proved to be unable to sign the code of conduct. Apart from this one exception, all suppliers signed the code of conduct in 2013. The company also conducted two audits of suppliers, which revealed no violations of the code of conduct.

The code of conduct is available at our website, www.beterbedholding.com, under CSR.

Other stakeholders

A number of different stakeholders sought contact with Beter Bed Holding in 2013 in reference to the CSR policy and the reporting on it. The recommendations received from them were largely adopted.

VBDO, the Association of Investors in Sustainable Development, approached us with the request for active dialogue with stakeholders. This is very much in keeping with the policy to move towards reporting under the new GRI G4 directive, which advises companies to open this dialogue with personnel, customers, shareholders, suppliers and NGOs. In 2014, Beter Bed Holding will invite stakeholders for a dialogue session on the topics that are reported as well as the targets that will be adjusted.

New initiatives

Once again, this year the organisation received proposals with the objective of improving the performance in the field of CSR. The improvements proposed and implemented include:

- Introduction of Net Promotor Score method to measure customer satisfaction.
- Launch of active management of energy meters in order to better control energy consumption.
- Use of led lighting for illuminated shop signs in branches.
- Acquisition of new delivery trucks with the highest Euro standard (Euro6).
- Since early 2013, the staff of Beter Bed have been collecting all packaging materials following delivery and installation at the customer's home.
- As from October 2013, for a small fee customers can have any old mattresses collected by the employees of Beter Bed. The company then arranges for their disposal by the Van Gansewinkel firm.

Environment

Environmental awareness, or the strive to 'reduce our footprint,' is something that is supported and encouraged organisation-wide. Activities in this area are designed to save energy and reduce CO_2 emissions wherever possible, minimise kilometres driven and packaging waste produced, use less environmentally harmful materials and promote recycling. Also in 2013, the organisation worked very hard to improve the availability and quality of the figures reported. Despite this, the company is still unable to report exact figures on gas and fuel oil and waste as derived from supplier invoices in every case. Consequently, some elements of these figures are estimates.

Environmental burden

	2013	2012	2011
CO_2 emissions (tonnes)	**24,286**	24,389	23,507
Energy consumption (GJ)	**275,000**	270,000	255,000
Waste (tonnes)	**4,400**	5,200	6,100

More detailed information can be found in the GRI Index at www.beterbedholding.com.

Beter Bed Holding's environmental footprint

CO_2 emissions in 2013 were 24,286 tonnes, up 1.5% from 2010. This increase is attributable almost in full to the increased energy consumption due to the cold winter. CO_2 emissions per FTE were unchanged at 10.2 tonnes, which is 21% higher than the CO_2 emissions of an average household in the Netherlands.

Beter Bed Holding is focusing on reducing electricity consumption and in 2013:

- introduced smart energy meters for better control of consumption;
- continually consulted with specialists to take location-specific measures;
- used energy-saving lighting systems.

Electricity consumption per FTE has been reduced by 10% since 2010.

Heating offices and stores is another major source of CO_2 emissions. Owing to the weather conditions, the reduction of natural gas consumption was slower than expected in 2013. Natural gas consumption per m^2 retail area decreased with 1% in comparison with 2010.

The following table shows CO_2 emissions by source:

	2013	2012	2011
Natural gas	**7,935**	7,013	6,458
Fuel oil	**2,055**	2,007	1,592
Diesel	**1,261**	1,389	1,239
Electricity	**11,307**	12,122	12,369
Air travel	**24**	35	38
Commute travel	**1,704**	1,823	1,811
Total	**24,286**	24,389	23,507

Recycling

The 2015 target for the Netherlands is to separate and reuse 100% of post-delivery packaging materials. The 2013 target for collection and separation of packaging was fully met.

	2013	2012	2011
Paper and cardboard (tonnes)	**1,900**	2,300	2,600
Other waste (tonnes)	**2,500**	2,900	3,500
Waste recycled	**46%**	46%	45%

Beter Bed Holding is aiming to achieve recycling of 75% of waste by 2016. Talks with waste processing businesses have made it clear that it is impossible for them to monitor the waste streams of individual customers. They can however report their own waste processing percentages. This target will therefore be reformulated in 2014.

In the next few years, the company will formulate its goals for the re-use and recycling of materials by the supplier (including mattresses). The aim is to reach explicit agreements on the actual recycling of all returned materials.

External Assessment

Reporting guidelines

In this report, Beter Bed Holding is reporting for the third 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). This report and the associated GRI Index are provided in anticipation of the new G4 reporting guidelines. The actual transition to G4 will take place next year.

The codes of conduct and the GRI Index including the definitions used are available on www.beterbedholding.com.

Scope and framework of the report

In this report on the calendar year 2013 Beter Bed Holding reports on all formulas in the Netherlands, Germany, Switzerland, Spain, Austria and Belgium. 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.

The group controlling staff was also closely involved in compiling and verifying the quantitative data.

Selection of topics

In line with its standard practice, the organisation is developing its CSR policy and reporting in an organic and pragmatic manner. Beter Bed Holding has determined which topics are material for it on the basis of a materiality review among industry peers. The GRI index contains a detailed version of the reporting guidelines, including the materiality matrix for Beter Bed Holding.

In selecting the topics, the choices made by industry peers have not been adopted on a one-on-one basis. Where in the judgement of Beter Bed Holding the company-specific materiality differs from that for the industry, this choice is described and discussed. The selection of topics will be discussed in a stakeholder dialogue in 2014, in which Beter Bed Holding will ask its stakeholders to critically review the selection of CSR topics and submit its new targets for assessment. This process will provide a basis for reporting for the coming period of three years.

Conclusion

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. While the report is limited to the key issues, the reporting in the GRI Index is characterised by a high degree of detail.

MVOplossingen believes that this report in combination with the CSR information in the GRI Index on www.beterbedholding.com is an appropriate basis for engaging in dialogue with the stakeholders.

Arnhem, the Netherlands, 13 March 2014

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

CORPORATE GOVERNANCE

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 company's corporate governance structure is dealt with in further detail in the section titled 'Report of the Supervisory Board'.

The company's website, www.beterbedholding.com, gives a full overview of all the best practice provisions and whether or not the company complies with these individual provisions. The notes included in this chapter relate to the Corporate Governance Code amended by the Dutch Corporate Governance Monitoring Committee in December 2008. 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 2014. 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 is complied with for the options granted in 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 2013 the variable remuneration for the Chief Executive Officer was maximised at 60% of his gross fixed annual salary; half of this is related to the quantitative targets set periodically by the Supervisory Board and the other half depends on the achievement of qualitative targets. In 2013 the variable remuneration for the Finance Director 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 will treat the variable remuneration of the members of the Management Board in accordance with that provision.

Best practices II.3.4 and III.6.3
There were no transactions in 2013, 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 2013 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 of Section V.3, 'Internal audit function', do not apply to the company, as the company does not have an internal audit function in place on account of its size.

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 21,805,117 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' on page 10 of this report.

Special controlling rights

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

Employee share 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 formulae.

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 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

Expert advice is very important for a good night's rest.

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 depository 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 25 April 2013 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 25 April 2013 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 this meeting 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 25 April 2013 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.

REPORT OF THE SUPERVISORY BOARD

General details

The Supervisory Board is comprised of Mr D.R. Goeminne (Chairman), Mr A.J.L. Slippens (Vice Chairman), Mr W.T.C. van der Vis and Ms E.A. de Groot. The CVs of the Supervisory Directors are included in the section titled 'Personal profiles' on page 18 of this annual report and on the corporate's website. 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	Retirement/reappointment	Appointed
D.R. Goeminne	AGM 2014	1 May 2010
A.J.L. Slippens	AGM 2014	1 May 2010
E.A. de Groot	AGM 2015	1 May 2011
W.T.C. van der Vis	AGM 2017	25 April 2013

The group's revenue decreased by 10.0% in the year under review. After closure of the financial year it was decided, at the proposal of the Management Board, to discontinue the activities of the Matrassen Concord the Netherlands, Matrassen Concord Belgium, and Slaapgenoten formulas. The non-recurring costs for this were charged to the 2013 profit and loss account.

Net profit fell by 43.1% from € 14.4 million to € 8.2 million. Excluding the aforementioned non-recurring charges, net profit fell by 36.8% from € 22.2 million to € 14.0 million.

The Supervisory Board is satisfied with the manner in which the Management Board has led the company in these times of economic uncertainty. In addition to a refocusing of the various formulas and the modification of the formula portfolio, various necessary measures were taken to improve margins, reduce the cost base and lower working capital. The Supervisory Board remains convinced that the company will emerge from the current crisis stronger than its competitors.

Financial statements, discharge, dividend

The financial statements were prepared by the Management Board and our auditor, Ernst & Young Accountants, subsequently issued an unqualified audit opinion with these financial statements. The report issued by Ernst & Young Accountants is included as of page 87 of this annual report. We discussed the financial statements in detail in the presence of the Management Board and Ernst & Young Accountants.

After the third-quarter figures were published in October 2013, the company decided to pay an interim dividend of € 0.20 per share. In accordance with the Management Board's proposal, we propose distributing a final dividend of € 0.07 per share. This means that 72% of the profit for 2013 will be paid in the form of shareholder dividend.

The Supervisory Board has approved the 2013 financial statements and proposes to adopt these at the Annual General Meeting of Shareholders to be held on 19 May 2014.

Change in composition of the Management Board

On 25 April 2013, the Annual General Meeting of Shareholders approved the appointment of Mr B.F. Koops as CFO and Statutory Director of Beter Bed Holding N.V.

Composition of the Supervisory Board

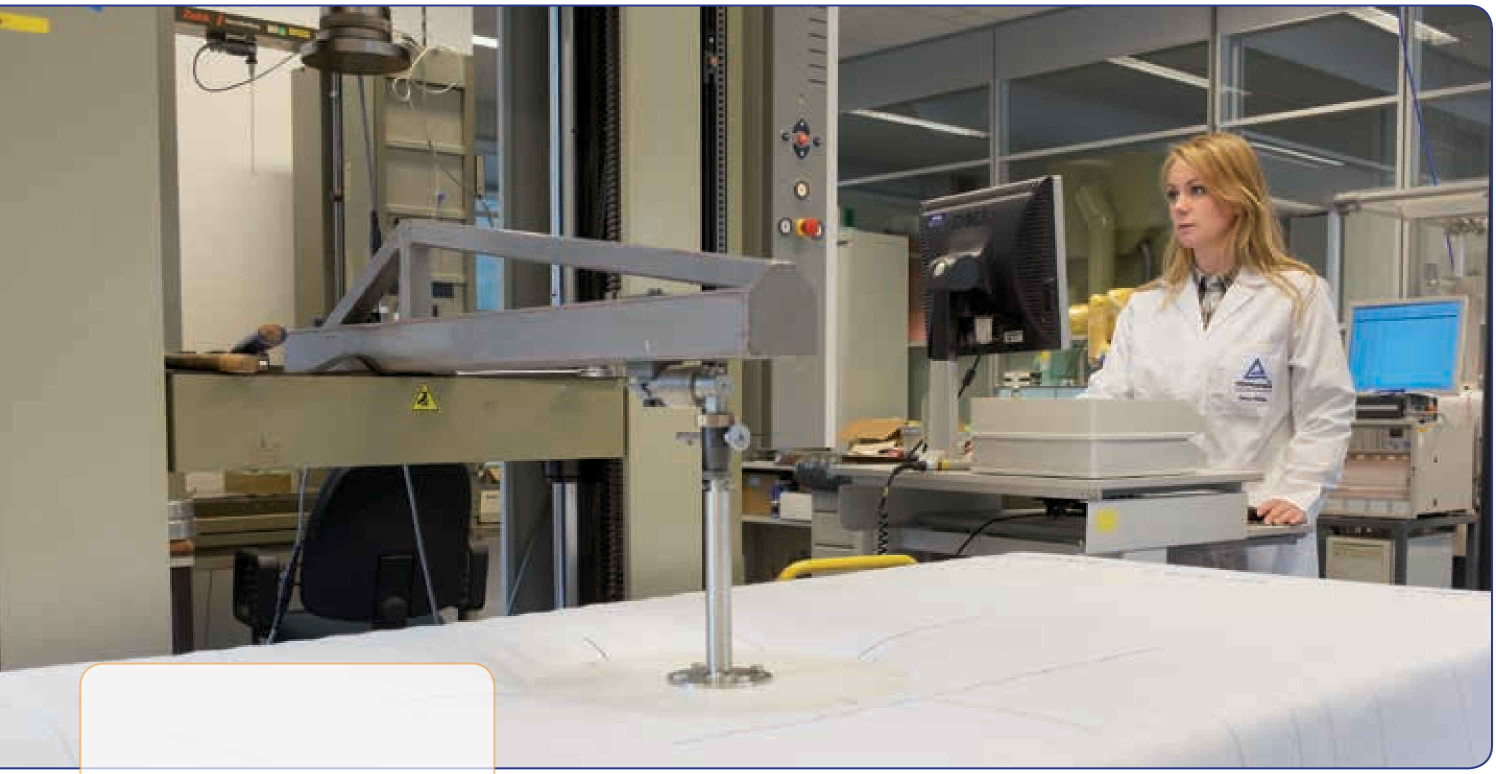
The members of the Supervisory Board are appointed by the Annual General Meeting of Shareholders. The Supervisory Board aims for an adequate balance of knowledge of, and experience with, the company's operations. The Board has established two committees: the Audit Committee and the Remuneration Committee.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

On 25 April 2013, Mr C.A.S.M. Renders retired as Supervisory Director in accordance with the rotation schedule. Under the provisions of the Corporate Governance Code, Mr Renders has reached the maximum appointment term and for that reason was not reappointed. The Supervisory Board would like to thank Mr Renders for his commitment and contribution to the company. As of the same date, Mr W.T.C. van der Vis was appointed Supervisory Director of the company. His personality, retail expertise and business experience at national and international level are well matched to the profile of the Supervisory Board of Beter Bed Holding N.V. As such, Mr Van der Vis is a suitable candidate to succeed Mr Renders.

According to the rotation schedule, after the upcoming Annual General Meeting Messrs Goeminne and Slippens will retire as Supervisory Directors. A motion will be put forward at the General Meeting to reappoint them both for a period of four years.

Supervisory Board Meetings

In 2013, the Supervisory Board was closely involved in developments related to Beter Bed Holding and its subsidiaries. During the reporting year, the Chairman regularly liaised with the Management Board in preparation for the meetings between the Supervisory Board and the Management Board. The former met with the latter on six occasions. Furthermore, the Board also held two conference calls with the Management Board and convened privately on two occasions.



The Supervisory Board received regular, timely, detailed verbal and written updates from the Management Board throughout the year.

The meetings with the Management Board were well prepared, making it possible for board members to accurately assess sales, operational, strategic and organisational developments at the company. Naturally, changes in operating results were a prime focus in the past year, with key priorities being trends in the Netherlands and Spain and the measures to be implemented, the positioning of the various retail formulas in the European markets, online sales strategy, the company's medium-term strategy, competitive conditions in the various markets, the company's financial structure, its internal control systems, and Corporate Governance.

During the year under review the Supervisory Board has taken note, due to the presentations of the subsidiaries in particular, of current developments in internet strategies to be pursued, the strategic procurement policy and modifications of the formulas of Beter Bed Holding.

The company met with the external auditor on two occasions. The Supervisory Board also visited Matratzen Concord Germany, visited several stores and held talks with the management layer below the Management Board. In March 2013 they discussed the results for 2012 and the audit findings. The interim results were discussed in August 2013, along with the results of the audit of the interim results conducted by the external auditor.

The budget for 2014, which was adopted during the meeting of 17 December 2013, sets out the company's operational and financial targets, along with the policy that should ensure that these targets are achieved. Within this context the Board also approved the proposed investments.

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, as per 25 April 2013, 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 2012 financial statements, the 2012 annual report, the 2013 interim results and the related management letter in detail. The Audit Committee also focused on the audit plan for 2013, 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, and in the fourth quarter a delegation of the Audit Committee met separately with the external auditor.

The Audit Committee and the Management Board again established in 2013 that the company, in view of its size, complexity and system of internal controls, does not require an internal audit department.

Remuneration Committee

Since 1 January 2012, the Remuneration Committee consists of all members of the Board and meets at least twice per year. The Remuneration Report follows the Report of the Supervisory Board on page 49 of this report.

Corporate Governance

The Supervisory Board endorses the principles of good governance as contained in the Dutch Corporate Governance Code. The Management Board's views regarding the Dutch Corporate Governance Code are set out starting page 38 of this report.

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.

The Supervisory Board recommends that shareholders and other stakeholders review these documents on www.beterbedholding.com.

Balanced division of seats for men and women on the Management and Supervisory Boards

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. The Supervisory Board acknowledges the benefits of diversity, including gender balance. The Supervisory Board is, however, of the opinion that gender is only one aspect of diversity. 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.

Final word

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 2013 would not have been possible without the hard work of all our employees in the various European countries and at the more than 1,000 stores. We owe them a debt of gratitude.

Uden, the Netherlands, 13 March 2014

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

REMUNERATION REPORT

In the reporting year, the Remuneration Committee consisted of Mr Renders (chairman through 25 April 2013), Goeminne and Slippens (chairman as from 25 April 2013) and Mr Van der Vis (as from 25 April 2013) and Ms De Groot. In 2013, there were two committee meetings and a series of very frequent interim meetings. The Remuneration Committee also discussed the performance, the remuneration and succession of the top 20 managers of the organisation with the Management Board.

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.

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 (new) shares.
- Other employment benefits.

Competitive fixed salary

Establishment of market conformity was on the basis of the knowledge and experience of the individual supervisory directors and a benchmark run, once every three years, by the Supervisory Board based on comparable companies.

Competitive pension scheme

A defined contribution scheme will be the default scheme 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 2013 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 2013 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 Chief Financial Officer'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.

For 2013, the breakdown of the component of the variable remuneration that depends on quantitative objectives is:
The bonus is 4.7% of the fixed salary if 90% of the EBIT target is achieved. That percentage increases on a pro rata basis to 25% of the fixed salary for the CEO (and 20% for the CFO) if actual EBIT exceeds budgeted EBIT by 20%.
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.

Options for (new) shares

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

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.

Other employment benefits

Both members of the Management Board have a lease car.

Amendments to the share option scheme

On 25 April 2013 the annual general meeting of shareholders agreed to the Remuneration Committee's proposals for changes in the share option scheme. The changes pertain primarily to:

- implementation of a generally applicable share option scheme;
- establishment of an objective and formalised system for granting share options;
- granting of share options on the date of the Annual General Meeting of Shareholders;
- increase of the term of share options to 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'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.

Variable remuneration and share options in 2013

For 2013, none of the targets for the portion of the variable remuneration that depends on the quantitative targets was achieved, while some of the qualitative targets were achieved.

The table below shows the remuneration of Mr Anbeek, Mr Koops and Mr Van Hoeve for 2013.

in thousand €	Total	Salary	Pension	Variable remuneration	Employee stock options
A.H. Anbeek	596	323	97	97	79
B.F. Koops*	249	166	38	45	-
D. van Hoeve**	49	49	-	-	-

* joined 1 April 2013; appointed as Statutory Director with effect from 25 April 2013

** served until 31 March 2013; non-Statutory Director

At year-end 2013 Mr Anbeek held the following options for shares in Beter Bed Holding N.V.:

	2013	2011	2010
Number	**50,000**	50,000	50,000
Value of each option at time of awarding	**€ 1.57**	€ 1.58	€ 3.54
Exercise price	**€ 14.00**	€ 14.67	€ 19.07
Expiry date	**25-04-2018**	28-04-2017	29-04-2016
Profit target in millions of €	**-**	32.0	32.0
Target	**TSR>AScX**	-	-
Target achieved	**No**	No	No

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

If the Finance Director 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.

FINANCIAL STATEMENTS 2013

CONSOLIDATED BALANCE SHEET

Per 31 December before proposed profit appropriation

in thousand €	Notes	2013	2012
Fixed assets			
Tangible fixed assets	1. 12.		
Land		**5,460**	5,460
Buildings		**3,515**	3,878
Other fixed operating assets		**16,616**	21,598
		25,591	30,936
Intangible fixed assets	2. 12.		
Intangible operating assets		**2,833**	2,855
		2,833	2,855
Financial fixed assets			
Deferred tax assets	17.	**549**	451
Long-term accounts receivable	3.	**277**	527
		826	978
Current assets			
Stocks	4.		
Finished products and goods for resale		**55,549**	60,712
Debtors	5.		
Trade accounts receivable		**1,276**	1,892
Other debtors		**5,932**	8,258
Income tax receivable	17.	**924**	-
		8,132	10,150
Cash and cash equivalents	6.	**9,554**	5,224
Total assets		**102,485**	110,855

in thousand €	Notes	2013	2012
Liabilities			
Equity attributable to equity holders of the parent	7.		
Issued share capital		436	436
Share premium account		16,145	16,145
Reserve for currency translation differences		755	613
Revaluation reserve		2,847	2,847
Other reserves		29,582	21,373
Retained earnings		8,198	14,418
		57,963	55,832
Long-term obligations	9.		
Provisions	8.	2,678	-
Deferred tax liabilities		2,424	2,400
Credit institutions		-	1,000
		5,102	3,400
Current liabilities			
Current obligations	10.		
Credit institutions	11.	4,975	11,327
Trade creditors		8,746	8,923
Profit tax payable	17.	-	4,354
Taxes and social security contributions		8,456	9,217
Other liabilities		17,243	17,802
		39,420	51,623
Total liabilities		102,485	110,855

CONSOLIDATED PROFIT AND LOSS ACCOUNT

2013

in thousand €	Notes	2013		2012	
Revenue	12.	357,363		397,288	
Cost of sales		(154,178)		(173,445)	
Gross profit		203,185	56.9%	223,843	56.3%
Wage and salary costs	13.	87,369		91,126	
Depreciation and impairment of fixed assets	15.	9,988		14,424	
Other operating expenses	16.	93,544		94,574	
Total operating expenses		190,901	53.4%	200,124	50.4%
Operating profit (EBIT)		12,284	3.4%	23,719	6.0%
Financial income		94		175	
Financial expenses		(810)		(577)	
Profit before taxation		11,568	3.2%	23,317	5.9%
Income tax expense	17.	(3,370)		(8,899)	
Net profit		8,198	2.3%	14,418	3.6%
Earnings per share	19.				
Earnings per share in €		0.38		0.67	
Diluted earnings per share in €		0.38		0.66	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

At 31 December

in thousand €	2013			2012		
	Gross	**Tax**	**Net**	Gross	Tax	Net
Net profit	**11,568**	**(3,370)**	**8,198**	23,317	(8,899)	14,418
Non-recyclable:						
Change in revaluation reserve						
– due to revaluation of land	**-**	**-**	**-**	143	(36)	107
Recyclable:						
Movements in reserve for currency translation differences	**142**	**-**	**142**	(155)	-	(155)
Total comprehensive income	**11,710**	**(3,370)**	**8,340**	23,305	(8,935)	14,370

CONSOLIDATED CASH FLOW STATEMENT

At 31 December

in thousand €	2013	2012
Cash flow from operating activities		
Profit before taxes	11,568	23,317
Income tax paid	(8,722)	(6,308)
Depreciation and impairments	9,988	14,424
Changes employee stock options	(101)	202
Movements in:		
– Stocks	5,163	(1,251)
– Debtors	2,942	(1,842)
– Provisions	2,678	-
– Short-term liabilities	(1,497)	(3,308)
– Other	153	(168)
	22,172	25,066
Cash flow from investing activities		
Additions to (in)tangible fixed assets	(5,439)	(10,910)
Disposals of (in)tangible fixed assets	806	648
Changes in long-term accounts receivable	251	87
	(4,382)	(10,175)
Cash flow from financing activities		
Repayment of loan	(2,000)	(2,000)
Share reissuance	846	492
Dividend paid	(6,954)	(21,247)
	(8,108)	(22,755)
Change in net cash and cash equivalents	9,682	(7,864)
Cash and cash equivalents at the end of the financial year	9,554	5,224
Current bank overdraft not including repayment obligations at the end of the financial year	(3,975)	(9,327)
Net cash and cash equivalents at end of reporting period	5,579	(4,103)
Net cash and cash equivalents at the beginning of the financial year	5,224	7,075
Current bank overdraft not including repayment obligations at the beginning of the financial year	(9,327)	(3,314)
	(4,103)	3,761
Change in net cash and cash equivalents	9,682	(7,864)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousand €	Total	Issued share capital	Share premium reserve	Reserve for currency trans-lation	Re-valuation reserve	Other reserves	Retained earnings
Balance on 1 Jan. 2012	**62,015**	**436**	**16,145**	**768**	**2,740**	**13,901**	**28,025**
Net profit 2012	14,418	-	-	-	-	-	14,418
Other components of comprehensive income 2012	(48)	-	-	(155)	107	-	-
Profit appropriation 2011	(13,655)	-	-	-	-	14,370	(28,025)
Interim dividend 2012	(7,592)	-	-	-	-	(7,592)	-
Reissuance of shares	492	-	-	-	-	492	-
Costs of employee stock options	202	-	-	-	-	202	-
Balance on 31 Dec. 2012	**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**	**-**
Free fall of employee stock options	**(101)**	**-**	**-**	**-**	**-**	**(101)**	**-**
Balance on 31 Dec. 2013	**57,963**	**436**	**16,145**	**755**	**2,847**	**29,582**	**8,198**

GENERAL NOTES

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 2013 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 13 March 2014. 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 2014. 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 7	Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 13	Fair Value Measurement
IAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
IAS 12	Income Taxes – Recovery of Underlying Assets
IAS 19	Employee Benefits (revised)
IAS 36	Impairment of Assets – Recoverable amount disclosures of non-financial assets for which an impairment loss has been recognised or reversed during the period, effective 1 January 2014, but applied early
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Annual improvements of IFRSs (published May 2012)

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

The standards and interpretations referred to below were issued but not yet effective on the date of publication of the 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 date deferred and not yet reset
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 19	Employee Benefits – defined Benefit Plans: Employee Contributions, effective 1 July 2014
IAS 27	Separate Financial Statements, effective 1 January 2014
IAS 32	Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities, effective 1 January 2014
IFRIC 21	Levies Charged by Public Authorities, effective 1 January 2014

Annual Improvements to IFRSs 2010-2012 Cycle (published December 2013), effective 1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle (published December 2013)1, effective 1 July 2014

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
DFC Comfort B.V.	Heelsum, The Netherlands	100
Dormaël Slaapkamers B.V.	Soesterberg, The Netherlands	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	Frauenfeld, Switzerland	100
Matratzen Concord GmbH	Cologne, Germany	100
Matratzen Concord GesmbH	Vienna, Austria	100
Meubelgroothandel Classic Heerlen B.V.	Kerkrade, The Netherlands	100
M-T-M Nederland B.V.	Uden, The Netherlands	100
Procomiber S.L.	Barcelona, Spain	100
Schlafberater.com GmbH	Cologne, Germany	100

Principles for the translation of foreign currencies

The consolidated financial statements have been prepared in euros. The euro is the functional and 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 profit or loss.

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. 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 profit or loss 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 Holdings 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) or the value in use, unless the asset does not generate incoming cash flows that are largely independent of the flows of other assets or groups of assets. 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 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

Revenue

The 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 expense that is entered at the beginning of that period.

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 € 148 (2012: € 181) 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 € 25 before tax (2012: € 62), on the basis of the use of the credit facilities at year-end 2013. 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 on page 72 of this report. For an explanation of the other risks, please refer to the related section in the Report of the Management Board, starting on page 25.

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 2. 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 2013 was 56.6% (2012: 50.4%). The – net interest-bearing – debt/EBITDA ratio was 0.22 in 2013 (2012: 0.33).

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 intangible fixed assets, property, plant and equipment and the provision for onerous contracts.

NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

At 31 December

in thousand €

Restructuring in the Benelux

In the current market in the Netherlands in particular, where consumer confidence continues to be low owing to the economic crisis, but also in Belgium, we are seeing a sharp fall in the number of visitors to the Matrassen Concord stores, which are often not located in home furnishing centres and/or retail parks. Moreover we are seeing that the difference between this formula and the BeddenREUS formula is continually narrowing. A similar development is also manifest in the higher end of the market, where the Slaapgenoten formula in the Netherlands, as a relatively small player, has been experiencing increasing difficulties.

Despite incisive cost savings and substantial margin improvements, the significant pressures on revenue have led to lower results at these formulas and therefore to lower results of Beter Bed Holding N.V. as a whole.

It was therefore decided in 2014 to streamline the formula portfolio in the Benelux and to concentrate the strategic focus on the Beter Bed and BeddenREUS formulas in those countries. The operations of the Matrassen Concord Benelux and Slaapgenoten formulas will accordingly be discontinued in the course of 2014. On the basis of this analysis, the assets concerned were written down and the provision for onerous contracts was formed. The costs involved can be broken down as follows:

Writedown of tangible fixed assets	1,057
Writedown of stocks	772
Remaining rental obligations	4,542
Total	**6,371**

The recoverable value of the tangible fixed assets is estimated at zero. The writedown of stocks is based on the difference between the carrying amount and the recoverable value derived from the market value of the stocks concerned. The remaining rental obligations are based on the rent and the remaining term, taking account of a subleasing probability of 10% (only the Slaapgenoten stores) and a mark-up for service costs. The effect of this 10% subletting probability is € 277.

Other restructuring and reorganisations

In addition to the costs of streamlining the formula portfolio in the Benelux, non-recurring reorganisation expenses totalling € 1.0 million were charged to income in 2013. These related mainly to the reorganisation in Spain, and the workforce reduction at the Benelux head office. Both reorganisations were completed in the course of 2013.

1. Tangible fixed assets

	Land	Buildings	Other fixed operating assets	Total
Book value 1 January 2012	**5,317**	**4,241**	**22,908**	**32,466**
Investments	-	-	8,951	8,951
Revaluation	143	-	-	143
Currency adjustment	-	-	13	13
Disposals	-	-	(648)	(648)
Depreciation	-	(363)	(8,501)	(8,864)
Impairment	-	-	(1,125)	(1,125)
Book value 31 December 2012	**5,460**	**3,878**	**21,598**	**30,936**
Accumulated depreciation	-	5,236	69,610	74,846
Accumulated revaluation	(3,797)	-	-	(3,797)
Purchase price	**1,663**	**9,114**	**91,208**	**101,985**
Book value 1 January 2013	**5,460**	**3,878**	**21,598**	**30,936**
Investments	-	-	4,353	4,353
Revaluation	-	-	-	-
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**

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.
A decision to close these stores was taken at the start of 2014. 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 writedown included in the statement of movements for 2012 relates to the tangible fixed assets of the Spanish companies. The cash generating unit to which those assets relate is El Gigante del Colchón.

Because impairment was indicated, an impairment test was carried out as of 31 December 2012 on the following basis:

- Realisable value is based on value in use, which is determined based on the company budgets and forecasts for the next five years.
- The gross margins used are based on margins realised in the past.

- The growth rate used after five years is 2% based on the expected long-term inflation rate.
- The discount rate used before tax is 18.7% based on the specific weighted average cost of capital (WACC) for El Gigante del Colchón, taking into account Spain's specific conditions.

The test concluded that the company's realisable value is lower than the book value of the capitalised tangible fixed assets. This resulted in the full write-down of the intangible fixed assets of El Gigante del Colchón as accounted.

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.

The assets register was updated in 2013, as a result of which the accumulated depreciation and the cost of other fixed operating assets decreased by € 5,987.

The tangible fixed assets are intended for own use.

2. Intangible fixed assets

	Intangible operating assets	Goodwill	Total
Book value, 1 January 2012	**1,520**	**3,811**	**5,331**
Investments	1,959	-	1,959
Depreciation	(624)	-	(624)
Impairment	-	(3,811)	(3,811)
Book value, 31 December 2012	**2,855**	**-**	**2,855**
Accumulated depreciation	2,683	-	2,683
Purchase price	**5,538**	**-**	**5,538**
Book value, 1 January 2013	**2,855**	**-**	**2,855**
Investments	**1,086**	**-**	**1,086**
Disposals	**(3)**	**-**	**(3)**
Depreciation	**(1,057)**	**-**	**(1,057)**
Impairment	**(48)**	**-**	**(48)**
Book value, 31 December 2013	**2,833**	**-**	**2,833**
Accumulated depreciation	**3,748**	**-**	**3,748**
Purchase price	**6,581**	**-**	**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.

The writedown included in the statement of movements for 2012 relates to goodwill on the acquisition of the Spanish companies. Reference is made to property, plant and equipment for more information.

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 € 50,043 (2012: € 53,959) and stocks held in warehouses to the value of € 5,506 (2012: € 6,753). The write-down for possible obsolescence included in this item can be specified as follows:

	2013	2012
Balance at 1 January	1,863	1,650
Additions	1,038	408
Withdrawals	(544)	(195)
Balance at 31 December	2,357	1,863

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 € 772 relates to the writedown of the stocks of the Slaapgenoten stores and the Dutch and Belgian Matrassen Concord stores set to be closed.

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 € 91 (2012: € 110) is recognised for wholesale accounts receivable. This is 100% (2012: 52%) 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 € 272 (2012: € 304), bank balances € 6,340 (2012: € 1,369) and cash in transit € 2,942 (2012: € 3,551).

7. Equity

The movements in the equity items are shown in the consolidated equity movement overview on page 59. The company's authorised share capital amounts to € 2,000, divided into 100.0 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:

	2013	2012
Issued and paid-up shares as at 1 January	**21,805,117**	21,805,117
Share issue on exercise of employee stock options	**-**	-
Issued and paid-up shares as at 31 December	**21,805,117**	21,805,117
Shares in portfolio as at 1 January	**75,805**	132,925
Repurchased during the year	**-**	-
Reissue on exercise of options	**(2,000)**	(57,120)
Sale of shares in portfolio	**(50,000)**	-
Shares in portfolio as at 31 December	**23,805**	75,805

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

The revaluation reserve relates to land.

A proposal will be submitted to the Annual General Meeting of Shareholders to distribute a final dividend in cash of € 0.07 per share. The total dividend for 2013 will therefore amount to € 0.27 per share (2012: € 0.47).

8. Provisions

It was decided in 2014 to streamline the formula portfolio in the Benelux and to maintain a strategic focus on the Beter Bed and BeddenREUS formulas in those countries. The operations of the Matrassen Concord Benelux and Slaapgenoten formulas will therefore be 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:

Total onerous rental contracts	4,542
Of which short-term	1,864
Total provision for onerous rental contracts	2,678

The provision for onerous rental contracts is based on the rent and the remaining term, taking account of a subletting probability of 10% (only Slaapgenoten stores) 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 land in the Netherlands for tax and financial reporting purposes. This difference is long-term in nature.

The movements in this item in 2013 and 2012 are as follows:

	2013	2012
Balance at 1 January	**2,400**	2,000
Over profit and loss account	**24**	364
From equity	**-**	36
Balance at 31 December	**2,424**	2,400

Within deferred tax liabilities at the end of the financial year, € 949 (2012: € 949) relates to the revaluation of land and € 712 (2012: € 855) to the difference between the valuation of stock for tax purposes and for financial reporting purposes; € 744 relates to the difference between the valuation of the tangible fixed assets for tax purposes and for financial reporting purposes (in 2012, this amount was € 596).

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 and is recognised in the balance sheet under 'Current liabilities to credit institutions'. At just € 500 per quarter, the company's liquidity risk is negligible.

10. Current obligations

To fund the group the company has current account facilities totalling € 44.1 million at its disposal. Furthermore, facilities totalling € 7.7 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, a total of € 4.0 million of the current-account facilities was used. In addition, these facilities were used to provide bank guarantees, mainly for the purpose of rent payments in the amount of € 0.8 million (2012: € 0.8 million). Of the facilities available specifically to provide guarantees, a total of € 5.5 million was in use at year-end 2013 (2012: € 6.1 million).

11. Financial obligations

The financial obligations can be specified as follows:

	up to 3 months	3 to 12 months	1 to 5 years
2013			
Accounts payable	**8,746**	**-**	**-**
Credit institutions	**4,475**	**500**	**-**
Total	**13,221**	**500**	**-**
2012			
Accounts payable	8,923	-	-
Credit institutions	9,827	1,500	1,000
Total	**18,750**	**1,500**	**1,000**

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

12. Information by geographic area

Revenue by country	**2013**	**%**	2012	%
Germany	**201,114**	**56**	210,928	53
The Netherlands	**114,984**	**32**	138,761	35
Other countries	**41,852**	**12**	48,122	12
Intercompany adjustment	**(587)**	**-**	(523)	-
Total	**357,363**	**100**	397,288	100

Tangible and intangible fixed assets by country	**2013**	2012
The Netherlands	**13,774**	17,896
Germany	**12,312**	13,873
Other countries	**2,338**	2,022
Total	**28,424**	33,791

13. Wage and salary costs

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

	2013	2012
Wages and salaries	**71,739**	74,510
Social security costs	**13,141**	13,710
Pension costs	**2,590**	2,704
Employee stock options	**(101)**	202
Total	**87,369**	91,126

The pension contributions relate virtually exclusively to defined contribution schemes or schemes designated as such. Free fall for employee stock options, € 83 relate to the current and former members of the company's Management Board (2012: € 29).

Average number of employees

All the companies included in the consolidation had an average of 2,458 employees (FTE) in 2013 (2012: 2,492):

	2013	2012
Germany	**1,561**	1,480
The Netherlands	**629**	692
Spain	**62**	116
Austria	**116**	112
Switzerland	**78**	72
Belgium	**12**	11
Poland	**-**	9
Total	**2,458**	2,492

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. 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.

	2013	2011	2010	2009	2008
Number granted	**166,500**	218,000	218,000	218,000	163,300
Number outstanding	**166,500**	180,750	176,750	174,250	-
Value according to Black & Scholes	**€ 1.26–€ 1.76**	€ 1.58	€ 3.54	€ 3.20	€ 1.39
Exercise from	**25-Apr-2016**	28-Oct-2013	29-Oct-2012	28-Oct-2011	29-Oct-2010
Exercise through	**25-Apr-2018**	28-Apr-2017	29-Apr-2016	28-Apr-2015	29-Apr-2014
Profit target (in millions)	**-**	€ 32.0	€ 32.0	€ 25.0	€ 22.5
Profit target achieved in year	**-**	-	-	2010	2009
TSR > AScX	**No**	-	-	-	-
Share price on the allotment date	**€ 14.09**	€ 14.67	€ 19.07	€ 15.23	€ 8.15
Exercise price	**€ 14.09**	€ 14.67	€ 19.07	€ 15.23	€ 8.15
Expected life	**5 year**	3.8 year	5.5 year	3.8 year	3.8 year
Risk-free rate of interest	**0.75%–0.48%**	1.71%	2.25%	2.40%	3.80%
Volatility*	**31.93%–30.19%**	32.15%	40.40%	48.00%	38.00%
Dividend yield	**5.90%**	9.00%	7.35%	5.00%	9.00%

* 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 2,000 options were exercised in 2013 at a price of € 16.79. This related to 2,000 options from the 2008 series. In 2013, 160,250 options of the 2007 series expired. Another 101,750 options expired, for a total amount of € 243, as a number of employees holding options left the company before the expiration dates. A total of 166,500 new options were granted in 2013 (see also page 11).

15. Depreciation

At 31 December in thousand €	**2013**	2012
Depreciation and impairment on tangible fixed assets	**8,883**	9,989
Depreciation and impairment on intangible fixed assets	**1,105**	4,435
Total depreciation and impairment	**9,988**	14,424

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

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 € 53 million in rental and lease costs (2012: € 50.0 million), with the remainder relating mainly to selling and distribution costs.

At the start of 2014, it was decided to close the Dutch and Belgian Matrassen Concord stores and the Slaapgenoten stores. In addition, a second restructuring of the El Gigante del Colchón formula took place in 2013 in the course of which several stores were closed. Lastly, a reorganisation of the Benelux head office was carried out in 2013. The costs incurred for this in 2013 totalled € 7.4 million.

17. Income tax expense

A tax asset is recognised at year-end 2013 under financial fixed assets of € 83 (2012: € 123) 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 € 321 (2012: € 328). The other differences between the tax and accounting bases of valuation totalled € 145 (2012: € 0).

An amount of € 6,390 (2012: € 3,502) 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	163
11-18 years	4,467
Infinite	1,760

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 2013 and 31 December 2012:

	2013	2012
Profit before taxes	**11,568**	23,317
At the applicable legal rate of 25.0% in the Netherlands (2012: 25.0%)	**2,892**	5,829
Adjustment profits tax previous years	**100**	(25)
Non-deductible expenses / excepted income	**(1,259)**	(254)
Future loss set-off not included	**939**	972
Recognition of previously unrecognized deferred tax assets	**(72)**	-
Impairment of tax credit	**-**	1,097
Effect of the tax rates outside the Netherlands	**770**	1,280
At an effective tax rate of 29.1% (2012: 38.2%)	**3,370**	8,899
Profit tax taken to the consolidated profit and loss account	**3,370**	8,899

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

	2013	2012
Tax for current year	**3,344**	8,790
Adjustment of profit tax for prior years	**100**	(25)
Temporary differences	**(114)**	257
Future tax loss carryforwards	**40**	(123)
Profit tax in the consolidated profit and loss account	**3,370**	8,899

18. Remuneration for the members of the Management Board and the Supervisory Board

In 2013 and 2012 the remuneration for the members of the Management Board and the Supervisory Board is as follows:

	Total		Salary		Variable remunera-tion		Pension		Employee stock options		Social security charges		Lease car	
in thousand €	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
A.H. Anbeek	**575**	583	**323**	323	**97**	65	**97**	97	**36**	73	**9**	9	**13**	16
D. van Hoeve*	**(64)**	402	**49**	132	**-**	235	**-**	13	**(119)**	(3)	**2**	9	**4**	16
B.F. Koops	**268**	-	**166**	-	**45**	-	**38**	-	**-**	-	**7**	-	**12**	-
Total Management Board	**779**	985	**538**	455	**142**	300	**135**	110	**(83)**	70	**18**	18	**29**	32
C.A.S.M. Renders	**9**	27	**9**	27										
D.R. Goeminne	**37**	37	**37**	37										
A.J.L. Slippens	**23**	23	**23**	23										
E.A. de Groot	**27**	27	**27**	27										
W.T.C. van der Vis	**18**	-	**18**	-										
Total Supervisory Board	**114**	114	**114**	114										

* Mr Van Hoeve's variable remuneration in 2012 includes a severance package of € 215.

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 on page 49 of this annual report.

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.

A total of € 11 crisis tax applied (2012: € 13), which is not included in the executive remuneration.

19. Earnings per share

The net profit of € 8.2 million divided by the average number of outstanding shares totalling 21,733,913 equals earnings per share of € 0.38. Due to the option series outstanding, the number of shares used for the calculation of the diluted earnings per share is equal to 21,747,829. This results in diluted earnings per share of € 0.38.

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	2014	2015	2016	2017	2018	after 2018
Rental agreements	43,234	29,535	19,609	9,913	5,134	2,135
Lease agreements	1,837	1,286	717	219	68	-
Total	**45,071**	**30,821**	**20,326**	**10,132**	**5,202**	**2,135**

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 € 50.5 million (2012: € 47.3 million) arising from rental agreements for real estate and € 2.5 million (2012: € 2.7 million) arising from lease agreements have been recorded in the profit and loss account.

At year-end 2013, the Wonen Industrial Pension Fund for the Home Furnishings Industry had a funding ratio of 101.1% (year-end 2012: 100.0%). As at 31 December 2013, the company had no additional obligation.

21. Related parties

The companies listed on page 61 of this report 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

Besides the Benelux restructuring referred to earlier, 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 2013

COMPANY BALANCE SHEET

At 31 December

in thousand € (before proposed profit appropriation)	Notes	2013	2012
Fixed assets			
Tangible fixed assets		4	5
Intangible fixed assets		153	178
Financial fixed assets	1.	148,632	141,780
		148,789	141,963
Current assets			
Debtors	2.	4,060	2,342
Cash and cash equivalents	3.	830	-
		4,890	2,342
Total assets		153,679	144,305

in thousand €	Notes	2013	2012
Capital and reserves	4.		
Issued share capital		436	436
Share premium account		16,145	16,145
Reserve for currency translation differences		755	613
Revaluation reserve		2,847	2,847
Other reserves		29,582	21,373
Retained earnings		8,198	14,418
		57,963	55,832
Provisions	5.	13,208	7,828
Current liabilities	6.	82,508	80,645
Total liabilities		153,679	144,305

COMPANY PROFIT AND LOSS ACCOUNT

2013

in thousand €	2013	2012
Net profit of participating interests	2,822	10,044
Other income / expenses	5,376	4,374
Net profit	8,198	14,418

NOTES TO THE COMPANY BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

At 31 December

in thousand €

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**

2. Debtors

	2013	2012
Group companies	**409**	-
Taxes and social security contributions	**1,445**	-
Other debtors	**2,206**	2,342
Total	**4,060**	2,342

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 100.0 million ordinary shares with a nominal value of € 0.02 each. At the end of 2013 21,805,117 shares had been issued and paid up.
The number of shares outstanding has not changed in the year under review.

Shares repurchased and not yet cancelled total 23.805. 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 on page 59. 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 2013 and 2012 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 2013 and 2012 are as follows:

	2013	2012
Balance at 1 January	**7,828**	1,126
Other movements	**5,380**	6,702
Balance at 31 December	**13,208**	7,828

6. Current liabilities

The breakdown of this balance sheet item is as follows:

	2013	2012
Credit institutions	**82,065**	55,024
Group companies	**-**	24,839
Taxes and social security contributions	**-**	175
Other liabilities, accruals and deferred income	**443**	607
Total	**82,508**	80,645

In 2013, 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 amounted to:

	2013	2012
Audit of financial statements	**187**	179
Other non-audit services	**42**	17
Total	**229**	196

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.

Uden, The Netherlands, 13 March 2014

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

OTHER INFORMATION 2013

APPROPRIATION OF PROFIT

Appropriation of profit pursuant to the articles of association

Article 32 of the Articles of Association states the most important provisions pertaining to the appropriation of profit:

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

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

Appropriation of profit

in thousand €

Profit for 2013	8,198
Interim dividend	(4,346)
Addition of reserves*	(2,327)
Available for payment	**1,525**

* On the basis of the balance of outstanding and repurchased shares as at 31 December 2013

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

AUDITOR'S REPORT

Independent auditor's report

To: The Annual General Meeting of Shareholders and the Supervisory Board of Beter Bed Holding N.V.

Report on the financial statements

Our opinion on the consolidated financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2013, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

Our opinion on the company financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at 31 December 2013, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

Our engagement

We have audited the financial statements 2013 of Beter Bed Holding N.V., Uden, which comprise of the consolidated and company financial statements. The consolidated financial statement comprise of the consolidated balance sheet as at 31 December 2013, the consolidated profit and loss account, the consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended and the notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise of the company balance sheet as at 31 December 2013, the company profit and loss account for the year then ended and the notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section Our responsibility for the audit of the financial statements. We are independent of Beter Bed Holding N.V. within the meaning of the relevant Dutch ethical requirements as included in the *'Verordening op de gedrags- en beroepsregels accountants'* (VGBA) and the *'Verordening inzake de onafhankelijkheid van accountants'* (ViO) and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The key audit matters from our audit

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the supervisory board, but are not intended to represent all matters that were discussed with them.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Restructuring in the Benelux

As described in "Restructuring Benelux" (page 67) of the financial statements, Beter Bed Holding N.V. has announced in January 2014 discontinuance of the operations of Slaapgenoten, Matrassen Concord Nederland and Belgium. We have addressed this topic as this discontinuance has a significant impact on the financial result of 2013, and the impact is dependent on judgments which are based upon assumptions such as the subleasing probability and assessment of the recoverable value of the assets. The costs accounted for in the financial statements relate to liabilities for rental contracts including service costs, the valuation allowance for inventories and impairment of the related tangible fixed assets.

In our audit we have performed procedures on the costs as estimated by the company for the discontinuance. We have reviewed the costs for rental contracts based upon the underlying rental contracts and furthermore, we have assessed the subleasing probability. For the inventories and tangible fixed assets we have assessed the possibilities to recover the carrying amount of the assets. We have assessed the accounting as included in the financial statements. The disclosure is included in section "Restructuring Benelux" (page 67) of the financial statements.

Our findings with respect to going concern
Beter Bed Holding's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate Beter Bed Holding N.V. or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we concur with management's use of the going concern basis of accounting in the preparation of Beter Bed Holding's financial statements.

Management has not identified a material uncertainty that may cast significant doubt on Beter Bed Holding's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee Beter Bed Holding's ability to continue as a going concern.

Responsibilities of Management Board and Supervisory Board for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of 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. The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibility for the audit of the financial statements
The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with Dutch Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Beter Bed Holding N.V. and business activities within Beter Bed Holding N.V. to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide those charged with governance 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.

Report on the directors' report and other information

Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code regarding our responsibility to report on the directors' report and the other information:

- We have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the other information as required under Section 2: 392 sub 1 at b-h has been annexed.
- We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

Eindhoven, the Netherlands, March 13, 2014

Ernst & Young Accountants LLP

was signed W.J. Spijker

HISTORICAL SUMMARY

at 31 December	**2013**	2012	2011	2010	2009	2008
Result (in thousand €)						
Revenue	**357,363**	397,288	397,035	374,724	361,470	358,565
Gross profit	**203,185**	223,843	224,410	209,507	197,832	195,486
EBITDA*	**22,272**	38,143	46,798	45,308	40,388	38,517
Operating profit (EBIT)	**12,284**	23,719	38,288	37,460	32,638	31,208
Net profit	**8,198**	14,418	28,025	27,937	23,918	22,126
Depreciation and impairment	**9,988**	14,424	8,510	7,848	7,750	7,309
Cash flow	**18,186**	28,842	36,535	35,785	31,668	29,435
Net investment	**4,633**	10,262	13,082	7,590	5,648	9,541
Capital (in thousand €)						
Total assets	**102,485**	110,855	114,571	113,977	109,077	96,978
Equity	**57,963**	55,832	62,015	60,851	55,052	42,703
Figures per share						
Net profit in €	**0.38**	0.67	1.29	1.30	1.12	1.04
Cash flow in €	**0.84**	1.33	1.69	1.66	1.49	1.38
Dividend paid in €	**0.27**	0.47	1.10	1.30	1.04	0.52
Average number of outstanding shares (in 1,000 of shares)	**21,734**	21,681	21,660	21,512	21,734	21,319
Share price in € at year-end	**18**	13	14	21	16	9
Ratios						
Revenue growth	**-10.0%**	0.1%	6.0%	3.7%	0.8%	2.1%
Gross profit/net revenue	**56.9%**	56.3%	56.5%	55.9%	54.7%	54.5%
EBITDA/net revenue*	**6.2%**	9.6%	11.8%	12.1%	11.2%	10.7%
Operating profit/revenue	**3.4%**	6.0%	9.6%	10.0%	9.0%	8.7%
Net profit/revenue	**2.3%**	3.6%	7.1%	7.5%	6.6%	6.2%
Solvency	**56.6%**	50.4%	54.1%	53.4%	50.5%	44.0%
Interest cover	**17.2**	59.0	88.2	96.3	49.5	36.1
Other information						
Number of stores at year-end	**1,175**	1,219	1,187	1,117	1,064	1,036
Number of FTEs at year-end	**2,420**	2,495	2,451	2,353	2,274	2,227
Revenue FTE (in € 1,000)	**148**	159	165	163	163	165

* Operating profit before depreciation, impairment and amortisation.

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