

Conflicts of Interest

SLEEPZ AG (formerly bmp Holding AG) operated as a venture capital company until spring 2015. Against this background, it maintained a contract with bmp Ventures AG (formerly bmp Beteiligungsmanagement AG) – of which Board Member Oliver Borrmann has a shareholding and is also member of the Executive Board – for the management and disposal of the former Venture Capital holdings with a fixed duration to 31 December 2017. Terminating the contract on the disposal of these holdings before the end of the contract period was expressly excluded. The portfolio of the former Venture Capital was sold with effect from 30 June 2017 and the contract was terminated amicably on 29 August 2017 with a one-time final payment of EUR 50,000 as well as the transfer of any claim for performance-related remuneration. In view of its own limited staff resources, there is also a service contract between SLEEPZ AG and bmp Ventures AG. The content of the contract is the assumption of tasks, in particular in the areas of finance/accounting and controlling by bmp Venture AG. It also provides SLEEPZ AG with jobs including IT infrastructure and work equipment.

At the time of conclusion of both contracts, Supervisory Board member Michael Stammli held shares in bmp Ventures AG.

Other than this, no conflicts of interest were reported to the Supervisory Board by individual members of the Executive Board or the Supervisory Board.

There were no consultancy or other service or work contracts between the Company and individual Supervisory Board members in the past financial year.

Mandates of members of the Management and Supervisory Boards in other statutory supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises are published in the notes to the consolidated financial statements under no. 51.3 and no. 51.4 .

Remuneration of the Executive Board and the Supervisory Board

Executive Board

The activities of Executive Board member Oliver Borrmann for the Company are considered to be compensated by the remuneration from bmp Ventures AG under the service agreement. However, he is reimbursed for the expenses he incurs for his work for SLEEPZ AG, for example, during business trips. In addition, the company has taken out D&O insurance for the Executive Board, which takes into account the deductible stipulated in section 93 (2) AktG. Furthermore, Oliver Borrmann benefited from the existing share option programme in December 2015 (see also: notes to the consolidated financial statements no. 38 and no. 51.2).

Supervisory Board

In accordance with the resolution passed by the Annual General Meeting on 6 July 2016, the members of the Supervisory Board are entitled to an annual basis remuneration,

- namely EUR 30,000.00 p.a. for the Chairman of the Supervisory Board,
- EUR 20,000.00 p.a. for the Deputy Chairman of the Supervisory Board,
- and EUR 15,000.00 p.a. for an ordinary member of the Supervisory Board.

In addition, any expenses incurred as a result of exercising office, as well as any value-added tax payable on the remuneration or reimbursement of expenses, is reimbursed.

The Company has also taken out D&O insurance for all members of the Supervisory Board which *does not* provide for a deductible, as this does not appear to be a suitable means of increasing the motivation and responsibility with which the members of the Supervisory Board perform their duties.

Share Transactions of Members of Governing Bodies

In accordance with Article 19, Regulation (EU) No. 596/2014 of the European Parliament and the Council Directive on market abuse (Market Abuse Directive) members of the Executive Board and the Supervisory Board of SLEEPZ AG, as well as their related parties are obligated to disclose transactions in shares or debt securities of SLEEPZ AG or related derivatives or other related financial instruments, if the transactions of a person within one calendar year reaches or exceeds EUR 5,000.00 (Directors' Dealings). Such transactions are then to be published by SLEEPZ and are also made available on the Company's website at **www.sleepz.com > Investor Relations > Corporate Governance > Managers' Transactions**.

No such transactions were disclosed in the past financial year.

Relationships and Communication with Shareholders

SLEEPZ AG shareholders exercise their legal and statutory rights at the Annual General Meeting. They have the opportunity to ask questions about the documents presented and proposals and resolve the points regulated in section 119 AktG. Each share carries one vote.

The Company supports its shareholders in exercising their rights, in particular in voting by proxy, by appointing a voting proxy bound by instructions and also making proxy forms available for representation by third parties from the date the Annual General Meeting is convened. As of this date, the convocation, including all relevant documents and information required by shareholders for their decision on the items relevant to the resolution will be published on the Company's website at **www.sleepz.com > Investor Relations > Annual General Meeting of Shareholders**.

However, for cost reasons the possibility of exercising voting rights by postal vote or electronic voting is not possible at SLEEPZ AG.

In addition, SLEEPZ AG regularly and promptly publishes all relevant financial reports and quarterly announcements, mandatory publications such as ad hoc or voting rights notifications or Directors' Dealings, press releases, research reports, company presentations and the financial calendar in the Investor Relations section of the website at www.sleepz.com > **Investor Relations**. It is in the Company's interest to ensure open and trustworthy communication with all stakeholders.

Reporting and Audit of the Annual Financial Statements

The accounting of the SLEEPZ Group is based on section 315a HGB in accordance with International Financial Reporting Standards (IFRS). The single-entity financial statements of SLEEPZ AG are prepared in accordance with the accounting principles of the HGB. The Executive Board is responsible for the preparation of the financial statements.

The consolidated financial statements and annual financial statements are audited by the auditor proposed by the Supervisory Board of SLEEPZ AG and elected by the Annual General Meeting; compliance with the regulations for the selection of the auditor are ensured in advance.

SLEEPZ AG publishes the financial reports and quarterly announcements within the legally prescribed deadlines set forth in the Stock Exchange Rules for the Frankfurt Stock Exchange. The recommendation of the Code to publish the information within a shorter period is therefore not followed due to cost reasons. Documents are discussed with the Supervisory Board before they are published.