

## ***Annual Corporate Governance Declaration in accordance with Section 161 AktG***

The Executive Board and Supervisory Board of SLEEPZ AG are required to declare at least once a year (Corporate Governance Declaration) to what extent the company has followed and will in the future follow the recommendations of the German Corporate Governance Code (Code) in its current version.

With reference to the previous year's declaration dated 6 December 2016, the Executive Board and the Supervisory Board last issued a declaration on 6 December 2017 in accordance with Section 161 AktG that the recommendations of the Government Commission of the German Corporate Governance Code (version dated 07 February 2017; published by the Federal Ministry of Justice in the official section of the Federal Gazette [Bundesanzeiger] on 24 April 2017) were followed with few exceptions.

The Executive Board and the Supervisory Board of SLEEPZ AG issue a declaration that the recommendations of the Government Commission of the German Corporate Governance Code have been and will be complied with, with the following restrictions:

- *D&O insurance deductibles (Section 3.8)*  
For D&O insurance obtained on behalf of Supervisory Board members, the Code recommends a deductible equal to the legally prescribed deductible for members of the Executive Board in accordance with Section 93 (2) sentence 3 AktG. SLEEPZ AG does not consider this a suitable means of increasing the motivation and responsibility with which the members of the Supervisory Board perform their duties.
- *Compliance (Section 4.1.3.)*  
Similar to the management of the subsidiary, the Executive Board must ensure compliance to legal provisions and potential corporate policies and takes the organisational measures necessary in this respect. On the other hand, the company is still in the process of developing and establishing a compliance management system focused on the risk position of the company in the sense of a (group-wide) system of standardised and institutionalised measures. This is due to the fact that SLEEPZ AG, which at the time of issuing this declaration has only three employees, is still being formed, as is the SLEEPZ Group. Disclosing the principles of the compliance management system as recommended in the context of the Code is limited in this respect to the presentation of the activities that took place in the past financial year. Similarly, the idea of establishing a whistleblowing system is currently being abandoned.
- *Diversity in the filling of management positions (Section 4.1.5)*  
The Code recommends that diversity be ensured in the filling of managerial positions in the company, particularly with regard to adequate female representation. On the day of adopting a new target figure for the proportion of women in management positions (29 June 2017), SLEEPZ AG had a total of three employees, two of which were women. There are/were no management levels below the Executive Board. In this context, the Executive Board resolved to abstain from defining a target figure for the proportion of women; more specifically, to maintain a target figure of 0% – even if (a) management level(s) below the Executive Board should be established – until 30 December 2022.

- *Composition of the Executive Board (Section 4.2.1) / Diversity in the filling of the Executive Board (Section 5.1.2)*

The Code recommends that the Executive Board consist of several persons and should have a Chairman or Speaker. In the context of the rules of procedure, an allocation of duties should be regulated for that purpose. Furthermore, the Supervisory Board will ensure diversity in the composition of the Executive Board and in doing so, will strive for appropriate consideration of women in particular.

The Executive Board of SLEEPZ AG was composed of

- one person from 6 December 2017 to 31 July 2018
- two people from 1 August 2018 to 31 October 2018
- one person from 1 November 2018 to 7 January 2019
- two people since 8 January 2019

The previously mentioned provision for the naming of a Chairman as well as for the establishment of an allocation of duties was not applicable during the time in which the Executive Board consisted of only one person.

During the time in which the Executive Board consists or consisted of two people, the Supervisory Board – given the size of the company and body – abstained from naming a Chairman or Speaker in order to give the Executive Board the greatest flexibility in the context of management. There are rules of procedure for the Executive Board, which are and will be supplemented by an appendix on the allocation of duties insofar as the Executive Board consists of at least two people.

In the context of the size of the company and the body, the Supervisory Board resolved to abstain from defining criteria for the possible search of suitable Executive Board candidates that go beyond those of "expertise" and "competence", as well as a target figure for the proportion of women, or to adhere to a target figure of 0%, namely – even if (an) other member(s) of the Executive Board should be appointed by that date – until 30 June 2022.

- *Composition of the Supervisory Board (Section 5.4.1. – 5.4.2)*

The Code recommends for the Supervisory Board to name specific objectives for its composition as well as to acquire a competency profile for the overall board and therefore, in particular, should include adequate female participation. For the first time, in its meeting on 6 December 2016, the Supervisory Board for SLEEPZ AG named concrete objectives for its composition and, in doing so, also acquired a competency profile for the overall board. Because the Supervisory Board – in view of the size of the company – consisted of only four members at the time of the last establishment of a concrete objective for the proportion of female members in the Supervisory Board (29 June 2017) as well as the time of the submission of this declaration, the Supervisory Board resolved and resolves to refrain from defining concrete objectives for the proportion of female members in the Supervisory Board at this time and to maintain a target figure of 0% until 30 June 2022.

- *Publication of financial reports (Section 7.1.2)*

The Code recommends making the year-end consolidated financial statements and group management report publicly available within 90 days of the end of the financial year and intrayear financial information publicly available within 45 days of the end of the reporting period. The company makes its financial statements publicly available within the statutory deadlines in connection with the deadlines arising from the stock exchange rules for the Frankfurt Stock Exchange because the costs for faster preparation and publication are incommensurate with the shareholders' information yield.

Due to its size, the Supervisory Board of SLEEPZ AG foregoes the formation of committees. The recommendations under Section 5.3 of the Code (Formation of Committees) do therefore not apply.

Berlin, 10 January 2019

***For the Supervisory Board:***

./ Sven Rittau

***Executive Board:***

./ Alexander von Tschirnhaus      ./ Christian Salza