

Description of the working methods of the Executive Board and the Supervisory Board

In line with the dualistic principle of German stock corporation law, the Executive Board is responsible for managing the company, whereas the Supervisory Board is the supervisory body and also advises the Executive Board in accordance with stock corporation law and the Rules Of Procedure for the Executive Board and Supervisory Board. In addition, the Supervisory Board appoints the members of the Executive Board.

The Executive Board and Supervisory Board of SLEEPZ AG always work closely together in fulfilling their respective tasks. In the Supervisory Board meetings – which take place at least four times a year – the members of both boards exchange views and discuss relevant issues. In addition, they remain in close contact between the Supervisory Board meetings, either by means of conference calls or other meetings. Furthermore, the Rules Of Procedure of the Executive Board stipulate that it must also inform the Supervisory Board of the current status of transactions in those months in which no meeting and/or telephone conference is held.

Individual Executive Board measures also require the consent of the Supervisory Board – also beyond the legal requirements – and this is also regulated in the rules of procedure of the Executive Board.

The members of the Supervisory Board have also adopted rules of procedure that regulate their cooperation. It allows the committee to make decisions by telephone, in writing or by telex, as well as by email. It is thus ensured that any possible urgent measures can be implemented at short notice. Owing to the size of the board, the Supervisory Board has decided not to form committees.

The Supervisory Board provides comprehensive information on its working methods and the focus of its activities in 2017 in the Report of the Supervisory Board, which is published on page 10 et seq. of the Annual Report.

Executive Board

As at 31 December 2017, the Executive Board of SLEEPZ AG consisted of only one member, Oliver Borrmann.

Oliver Borrmann is the founder and one of the largest shareholders of the company and has been the Executive Board since 24 June 1997. His current appointment lasts until 30 June 2020.

Supervisory Board

The Supervisory Board of SLEEPZ AG consists of three members who were elected by the Annual General Meeting. As at 31 December 2017, members of the Supervisory Board were:

Sven Rittau (Supervisory Board Chairman)

Michael Stammer (Deputy Chairman)

Dott. Michele Puller

During the year, there were the following changes within the Supervisory Board:

Taking on a new professional activity in early 2017, the long-time member, Bernd Brunke reached the conclusion that he would no longer be able to devote the necessary time for the exercise of a Supervisory Board mandate. Therefore, he gave up the position of Supervisory Board Chairman with effect from 26 April 2017 – Sven Rittau was elected chairman in his place – and resigned his mandate as a member of the Supervisory Board in the run-up to the 2017 Annual General Meeting. The Annual General Meeting of 18 August 2017 then voted on the proposal of the Supervisory Board to appoint Dott. Michele Puller as a new member of the Supervisory Board. His term of office will end at the end of the 2018 Annual General Meeting, the same time as that of the other Supervisory Board members. At a constitutive meeting of the Supervisory Board following the Annual General Meeting 2017, Supervisory Board Chairman Sven Rittau and his deputy Michael Stammler were confirmed in their offices.

Further information on the individual Supervisory Board members can be found on the website at **www.sleepz.com > Company > Supervisory Board**