

## Articles of Association of ALNO AG

As of 2 June 2015 (following Annual General Meeting 2015)

### I. General provisions

#### *Art. 1 Name of the Company, registered office*

1. The Company is a joint-stock corporation incorporated under German law. The Company trades under the name of "ALNO Aktiengesellschaft".
2. The Company's registered office is in Pfullendorf, Germany.

#### *Art. 2 Duration, financial year*

1. The Company has been established for an unlimited period.
2. The financial year is the calendar year.

#### *Art. 3 Corporate purpose*

1. The corporate purpose is the development, production and distribution of, and trade with, furnishings of all kinds, including furniture and furniture parts, household and kitchen appliances including built-in appliances for kitchens, in particular using the registered ALNO trademark.
2. The Company is authorised to carry out all such business transactions and actions as it deems appropriate for furthering the corporate purpose. The Company is authorised to acquire interests in companies in and outside Germany with the same or a similar corporate purpose, to establish, acquire and manage such companies, or to confine itself to managing such ownership interests. The Company is authorised to pursue its corporate purpose not directly but by and through such companies and to transfer its business operations, in whole or in part, to said companies. The Company may set up subsidiaries and branches in and outside Germany.

#### *Art. 4 Notices and communication of information*

1. The Company publishes its notices in the electronic German Federal Gazette (Bundesanzeiger).

2. Information may be communicated to shareholders via remote data transmission.

## **II. Share capital and shares**

### *Art. 5 Share capital and shares*

1. The share capital of the Company amounts to EUR 75,594,979 (in words: seventy-five million, five hundred and ninety-four thousand, nine hundred and seventy-nine euro). The share capital of the Company is divided into 75,594,979 common no-par shares (hereinafter also referred to as “common shares” or “shares”).
2. The Company shares are issued as bearer shares.
- 3.1 The share capital has been conditionally increased by up to EUR 30,787,993 by the issue of up to 30,787,993 common, no-par bearer shares (Conditional Capital 2013). The conditional capital increase will only be undertaken to such an extent as the holders or creditors of cum-warrant and/or convertible bonds, participating bonds and/or participatory rights with cum-warrant and/or conversion rights or option and conversion obligations (or combinations of these instruments) that the company or its Group companies issued in March 2014 on the basis of the authorisation decision by the Annual General Meeting on 26 June 2013, or will be issued up to 1 June 2020 according to the authorisation of the Annual General Meeting on 2 June 2015, exercise their option or conversion rights deriving from these bonds or discharge their conversion/option obligation, and in each of these cases to the extent that the Conditional Capital 2013 is required according to the provisions of the bond terms. The new shares are issued in accordance with the aforementioned authorisation decisions at a specific option or conversion price in each case. The new shares participate in profits from the start of the financial year in which no decision has been taken regarding the use of the net profit at the time when they were issued. The Board of Management is authorised to specify further details, with the consent of the Supervisory Board, concerning the realisation of this conditional capital increase.
- 3.2 The Supervisory Board is entitled to adapt the statutes in accordance with the respective use of the Conditional Capital 2013. The same applies in the case of non-exercising of the above-mentioned authorisations to issue cum-warrant and/or convertible bonds, participating bonds and/or participatory rights (or combinations of these instruments) after the expiry of the authorisation period and in the case of non-use of the Conditional Capital 2013 after expiry of

the deadlines for the exercising of cum-warrant and/or convertible bonds and/or for the discharge of option or conversion obligations.

- 3.3 The share capital has been conditionally increased by up to EUR 7,009,496 by the issue of up to 7,009,496 common no-par shares (Conditional Capital 2014). The conditional capital increase exclusively serves to grant rights to the holders of share option rights from the share option programme 2014, which the Board of Management was authorised to issue by a decision of the Annual General Meeting on 28 May 2014. The conditional capital increase will only be undertaken to the extent that the holders of share option rights granted on the basis of the authorisation by the Annual General Meeting on 28 May 2014 exercise these option rights and the company does not fulfil the share option rights through cash payment. The new shares participate in profits from the start of the financial year in which no decision has been taken by the Annual General Meeting regarding the use of the net profit at the time when they were issued. The Board of Management of the Company is entitled to define the further details for undertaking the conditional capital increase, with the approval of the Supervisory Board, in the event that share option rights and shares are to be issued to members of the Board of Management of the company; in this case, the Supervisory Board defines the further details for carrying out the conditional capital increase.
- 3.4 The Supervisory Board is entitled to adapt the version of the statutes in accordance with the scope of the capital increase from the Conditional Capital 2014.
- 4.1 The Board of Management is authorised to increase the company's share capital once or several times by 1 June 2020 with the approval of the Supervisory Board by issuing up to EUR 37,797,489 through issuing up to 37,797,489 new, common no-par bearer shares in return for cash and/or non-cash capital contributions (Authorised Capital 2015). The Board of Management is authorised, with the consent of the Supervisory Board, to specify further details of the share rights, the conditions for issuing shares and for the realisation of such capital increases.
- 4.2. Shareholders are entitled to statutory stock options. The new shares can also be acquired by a single credit institute or several credit institutes or companies within the meaning of Section 186(5) Sentence 1 of the German Stock Corporations Act (AktG) with the obligation to offer them to shareholders for purchase (indirect stock options).

4.3. However, the Board of Management is authorised, with the consent of the Supervisory Board, to exclude the stock options on the part of shareholders under the following circumstances:

- (a) for residual amounts;
- (b) in capital increases in return for cash contributions up to an amount not exceeding 10% of the share capital at the time when this authority comes into effect or, if the share capital is lower at that time, when this authority is exercised, if the issue price of the new shares is not significantly below the market price of the correspondingly endowed shares already listed on the stock market within the meaning of Article 203(1), Sentence 1 and (2) in conjunction with Article 186(3), Sentence 4 AktG. The aforementioned 10% limit shall apply to shares that are purchased on the basis of an authority from the Annual General Meeting and are sold in accordance with Article 71(1), No. 8, Sentence 5 of the Stock Corporation Act (AktG) in conjunction with Article 186(3), Sentence 4 AktG during the term of this authority. Furthermore, this limit applies to those shares that are to be issued in order to service bonds with option or conversion rights or obligations, if the bonds are issued with corresponding use of Article 186(3), Sentence 4 AktG with shareholders' subscription rights excluded;
- (c) in capital increases in return for non-cash contributions, to guarantee new shares for the purpose of direct or indirect acquisition of companies, parts thereof or investing in companies and other assets, including loans and other liabilities;
- (d) to the extent that it is necessary, to grant the owners or creditors of bonds with option or conversion rights or obligations issued by the company or its subordinate Group companies a subscription right to new shares commensurate with that accruing after exercising their option or conversion rights or following the discharge of the option or conversion obligations.

4.4. The Supervisory Board is entitled to adapt the version of the statutes following full or partial implementation of the capital increase from authorised capital or following expiry of the authorisation deadline in accordance with the scope of the capital increase from authorised capital.

5. The Company may issue global certificates. The right of shareholders to request the issuance of separate certificates is excluded.

6. In case of a capital increase, dividends for new shares may be determined in derogation of Article 60(2) AktG.

## *Art. 6 Share capital acquisition*

1. In changing the Company's legal form, the following share capital is acquired as laid out in Item 2 below:
  - 1.1 Mr Alexander Nothdurft 788,400 common shares with a par value of DM 5.00 each for a total issue amount of DM 3,942,000;
  - 1.2 Ms Almut Nothdurft 940.00 common shares with a par value of DM 5.00 each for a total issue amount of DM 4,700,000;
  - 1.3 Mr Arthur Nothdurft 1,443,200 common shares with a par value of DM 5.00 each for a total issue amount of DM 7,216,000;
  - 1.4 ALNO Möbelwerke Gesellschaft mit beschränkter Haftung 4,000 common shares with a par value of DM 5.00 each for a total issue amount of DM 20,000;
  - 1.5 Mr Gerold Nothdurft 940,000 common shares with a par value of DM 5.00 each for a total issue amount of DM 4,700,000;
  - 1.6 Ms Heidelinde Nothdurft 940,000 common shares with a par value of DM 5.00 each for a total issue amount of DM 4,700,000;
  - 1.7 Mr Oliver Nothdurft 788,400 common shares with a par value of DM 5.00 each for a total issue amount of DM 3,942,000.
2. The non-cash contributions are made by changing the legal form of ALNO Möbelwerke GmbH & Co. Kommanditgesellschaft, Pfullendorf, in which the shareholders named in Item 1 have an interest, into ALNO Aktiengesellschaft as per the resolution dated 2 May 1995 in compliance with Article 190ff. of the German Law Regulating the Transformation of Companies (UmwG) on the basis of the transformation balance sheet as per 1 January, 1995, 1:00 a.m.

The shareholders have the following interests in ALNO GmbH & Co. Kommanditgesellschaft (fixed capital):

Mr Arthur Nothdurft	DM	7,216,000
Mr Alexander Nothdurft	DM	3,942,000
Mr Oliver Nothdurft	DM	3,942,000
Mr Gerold Nothdurft	DM	4,700,000
Ms Almut Nothdurft	DM	4,700,000
Ms Heidelinde Nothdurft	DM	4,700,000
ALNO Möbelwerke Gesellschaft mit beschränkter Haftung (private limited company)	DM	20,000

III. Constitution and management of the Company

III. 1. Board of Management

*Art. 7 Composition of the Board of Management*

1. The Board of Management consists of at least two, but no more than five persons. Deputy members may be appointed to the Board of Management.
2. The number of Board of Management members is determined by the Supervisory Board. The Supervisory Board may appoint a member of the Board of Management as Chairman or Speaker as well as an additional member as Vice-Chairman or Vice-Speaker.

#### *Art. 8 Rules of Procedure and management*

1. The Board of Management determines its Rules of Procedure by unanimous vote of its members and the approval of the Supervisory Board, unless the Supervisory Board issues Rules of Procedure for the Board of Management.
2. The Rules of Procedure may vest management authority in individual members of the Board of Management or in a majority of the members of the Board of Management.

#### *Art. 9 Representation of the Company*

1. The Company is represented by two members of the Board of Management or jointly by one member of the Board of Management and an agent having full power of representation ("Prokurist").
2. The Supervisory Board may authorise one or more members of the Board of Management to represent the Company on their own. The Supervisory Board may exempt all or individual members of the Board of Management from the restrictions of Article 181 of the German Civil Code (BGB), insofar as they perform legal transactions with themselves as the representative(s) of a third party.

#### *Art. 10 Limitation of the management authority of the Board of Management*

1. The Board of Management is under an obligation to the Company to observe the provisions and limitations properly stipulated by statute, the Articles of Association, an Annual General Meeting resolution or the Rules of Procedure of the Board of Management.
2. The following Board of Management actions are subject to prior Supervisory Board approval:
  - 2.1 Approval of corporate planning (annual planning as well as medium- and long-range planning).
  - 2.2 Acquisition (including by way of establishment) and the release of interests in other companies (including by way of winding up the same), if the current market value in an individual case exceeds EUR 1 million.
  - 2.3 Transfer of substantial parts of the Company's business operations to other companies.
  - 2.4 Conclusion, modification and termination of company contracts as defined by Article 291ff. (AktG) with other companies, unless authorised by the Annual General Meeting.

- 2.5 Opening and closing of branches outside Germany, if the current market value in an individual case exceeds EUR 3 million.
- 2.6 Creation and modification of the fundamental organisational structure.
- 2.7. Furnishing of guarantees, sureties and other securities exceeding EUR 5 million in each case.
- 2.8 Creation or modification of general systems and rules concerning the employees' shares in the Company. The same applies to general systems and rules concerning pension schemes, regardless of the legal structure.
3. The preceding approval requirements also apply if the measures named above are not carried out by the Company but by its affiliates. The Board of Management must take adequate measures to ensure that affiliates will not carry out these measures without the prior approval of the Supervisory Board of the Company.
4. The approval requirement as per Items 2.2, 2.5, 2.7 and 3 does not apply if the measure in question has been approved within the context of corporate planning, whereby the measure must be separately identifiable within the corporate planning.
5. This does not affect the obligation of the Board of Management under statute, the Articles of Association, the Board of Management Rules of Procedure or a Supervisory Board resolution to obtain the Supervisory Board's and/or the Annual General Meeting's prior approval in other cases.

### **III. 2. Supervisory Board**

#### *Art. 11 Composition of the Supervisory Board, term of office*

1. The Supervisory Board consists of nine members. Of these, six members are elected by the Annual General Meeting, and three members are elected by the workforce according to the provisions of the German Act on One-Third Participation of Employees in the Supervisory Board (Drittelbeteiligungsgesetz).
2. Unless the Annual General Meeting stipulates a shorter term of office during the election of the entire Supervisory Board or individual Supervisory Board members to be elected by it, the Supervisory Board members are appointed until the conclusion of such Annual General Meeting as votes on the ratification of the acts of the fourth financial year following the commencement of the term of office. The financial year in which the term of office begins is not included in the calculation. If a Supervisory Board member is elected in place of a retiring



member, the term of office of this member will last for the remainder of the term of office of the retiring member, unless otherwise stipulated by the Annual General Meeting. The initial Supervisory Board is appointed for the period ending with the Annual General Meeting voting on the ratification of the acts of the Supervisory Board for the financial year ending on 31 December, 1995.

3. Substitute members can be elected to take the place of prematurely retiring Supervisory Board members who represent the shareholders in the sequence determined during the respective election.
4. Every Supervisory Board member and substitute member may retire from the Supervisory Board at any time, with or without good cause, by providing a written statement to the Board of Management subject to a term of notice of one month. The resignation may take effect immediately if the Supervisory Board so consents.

#### *Art. 12 Powers and responsibilities of the Supervisory Board*

1. The Supervisory Board has all the powers and responsibilities assigned by statute, the Articles of Association or otherwise.
2. The Supervisory Board may adopt changes to the Articles of Association that pertain only to the wording.

#### *Art. 13 Supervisory Board declarations of intent*

1. Declarations of intent are made and received on behalf of the Supervisory Board by the Chairman or, in case of their unavailability, by the Vice-Chairman.

#### *Art. 14 Chairman of the Supervisory Board and Vice-Chairman*

1. The Supervisory Board elects a Chairman and a Vice-Chairman from its midst for each term of office. The oldest present Supervisory Board member is in charge of the election. The election of the Chairman and the Vice-Chairman must take place during the first meeting of the Supervisory Board ordinarily called or held after such Annual General Meeting as appoints the Supervisory Board members representing the shareholders for a new term of office or as coincides with the expiration of the term of office of the Chairman or the Vice-Chairman.
2. If the Chairman or the Vice-Chairman of the Supervisory Board retires from their position or from the Supervisory Board prematurely, a Supervisory Board must hold new elections without delay.

#### *Art. 15 Supervisory Board Rules of Procedure and committees*

1. The Supervisory Board establishes Rules of Procedure for itself that, after a Supervisory Board term of office expires, remain in force until changed.
2. The Supervisory Board may form one or more committees from its midst and lay down their powers and responsibilities. Further particulars are to be laid out in the Supervisory Board Rules of Procedure.
3. The Supervisory Board and its committees may consult experts and information sources for the purpose of deliberating on individual items.

#### *Art. 16 Calling of Supervisory Board meetings*

1. Supervisory Board meetings are called by the Chairman or, in case of their unavailability, by the Vice-Chairman with a written notice of 14 days. The days of sending the invitation and of the meeting are not included in the calculation of the notice period. The Chairman may, in urgent cases, reduce the notice period and call the meeting personally, by telephone or by other means of communication.
2. The invitation must specify the items on the agenda and include proposals for resolution.

#### *Art. 17 Voting*

1. The Supervisory Board has a quorum only if all members have been properly invited and at least half of the members are present during the vote.
2. Voting on an item that was not listed on the invitation is permissible only if no Supervisory Board member objects to the voting and at least two thirds of the members are present or voting by correspondence. In this case, the Supervisory Board members not taking part in the vote must be given an opportunity afterwards to object to the resolution or to cast their vote within a reasonable period of time specified by the Chairman. The resolution becomes effective only if none of the members who failed to take part in the vote objects within the specified period.
3. The Chairman of the Supervisory Board or, in case of their unavailability, the Vice-Chairman presides over the meetings. The Chairman determines the order of the items on the agenda and the type and order of voting.
4. Supervisory Board resolutions are passed with a simple majority unless provided otherwise by law. The same applies to elections. Abstentions are not counted.
5. A non-present Supervisory Board member may vote by correspondence submitted by another Supervisory Board member.

6. If a vote results in a parity of votes, the Supervisory Board Chairman has two votes (final ballot); the same applies to elections. The Vice-Chairman is not entitled to a second vote, even if the Chairman does not take part in the voting.
7. Minutes must be kept of all the Supervisory Board meetings and resolutions and signed by the person chairing the respective meeting. Particulars are laid out in the Supervisory Board Rules of Procedure.
8. Resolutions can be passed outside meetings with votes cast by correspondence, by telephone, by fax, by e-mail or by other conventional means of communication, and in particular by video conference, if the Chairman proposes this type of vote and no member objects to this procedure within an appropriate period of time specified by the Chairman. The resolutions so adopted are put down in writing by the Chairman and supplied to all members. The rules and regulations for voting in meetings apply accordingly.
9. A Supervisory Board resolution may only be challenged by lodging a complaint within one month of learning about the resolution unless mandatory statutory provisions stipulate a longer period.

*Art. 18 Non-disclosure obligation*

1. The Supervisory Board members must observe silence with respect to all confidential information and secrets of the Company, above all with respect to business and trade secrets which become known to them while performing their function. This non-disclosure obligation remains in force even after they leave the Supervisory Board. Any Supervisory Board non-member present during a Supervisory Board meeting must expressly be bound to observe secrecy.
2. For the purpose of Item 1, a secret is any fact that is directly or indirectly related to Company or business activities, that is known only to a limited group of people, that a reasonable businessperson would assume the legal holder of the Company would want to keep secret and for which there is an undeniable need to keep it secret to protect the interests of the Company. For the purpose of Item 1, confidential information is any information that the disclosing party expressly identifies as confidential or that a reasonable businessperson would assume could impair the interests of the Company or of the disclosing party if revealed.
3. If the Supervisory Board member intends to disclose to third parties any information acquired in their capacity as a Supervisory Board member, but cannot determine with certainty that such information is not confidential or does not pertain to Company secrets, the Supervisory Board member must inform the Supervisory Board Chairman in writing and in advance and give the Chairman an opportunity to issue a statement. If this is done, said information may be disclosed if the Supervisory Board Chairman gives their consent in writing. If the

Supervisory Board Chairman withholds their consent, said information may be disclosed only with the consent of the Supervisory Board.

#### *Art. 19 Remuneration of the Supervisory Board*

1. In addition to the reimbursement of their out-of-pocket expenses, every member of the Supervisory Board receives EUR 40,000 in remuneration each year.
2. The Chairman of the Supervisory Board receives twice, and the Vice-Chairman of the Supervisory Board receives one-and-a-half times the remuneration set forth in Item 1 above. Remuneration is reduced proportionately for members of the Supervisory Board who have only sat on the Supervisory Board during part of the financial year.
3. Members of Supervisory Board committees receive an additional EUR 5,000 in remuneration per year. Chairman of Supervisory Board committees received twice this amount.
4. The Company reimburses each member of the Supervisory Board for the value-added tax levied on their remuneration and on reimbursable out-of-pocket expenses.

### **III. 3. Annual General Meeting**

#### *Art. 20 Calling and location of the Annual General Meeting*

1. The Annual General Meeting as defined in Article 25(3) below is held within the first eight months of every financial year. Extraordinary General Meetings can be called by the Board of Management as often as is deemed necessary in the interest of the Company.
2. The Annual General Meeting takes place at the registered office of the Company or in a German city where a stock exchange is located.
3. The Annual General Meeting is called by the Board of Management. This does not affect the right of the Supervisory Board or of other persons to call the Annual General Meeting in accordance with statutory provisions.
4. Except where a shorter time limit is permitted by statute, the Annual General Meeting must be called at least 30 days prior to the date of the Annual General Meeting. The calling notice shall be extended by the number of days of the registration period (Art. 21(1)). The day of the Annual General Meeting and the day of calling are not included in the calculation of this notice period. The Annual General Meeting is called by publication in the electronic Federal Gazette with such information as is required by law.

*Art. 21 Right to attend the Annual General Meeting*

1. Shareholders may attend the Annual General Meeting and exercise their right to vote only if they have registered prior to the Annual General Meeting. The registration must be received by the Company at the relevant address given in the calling notice in text form and in German or English at least six days prior to the Annual General Meeting. The day of the Annual General Meeting and the day of receipt are not included in this calculation.
  
2. In addition, the shareholders must prove their right to attend the Annual General Meeting and to exercise their right to vote. This must be demonstrated by submission of a record of share ownership issued in text form in German or English by the respective institute licensed as a securities depository. Such record of share ownership must refer to the beginning of the 21st day prior to the Annual General Meeting, and must be received by the Company at the relevant address given in the calling notice at least six days prior to the Annual General Meeting. The day of the Annual General Meeting and the day of receipt are not included in this calculation.

#### *Art. 22 Right to vote*

1. Every common share grants one vote.
2. The right to vote may be exercised by proxy. The statutory form is sufficient and necessary for the granting of proxy, its revocation and the proof of power of authority with regard to the Company.

#### *Art. 23 Chair of the Annual General Meeting*

1. The Chairman of the Supervisory Board is called to chair the Annual General Meeting. In case of their unavailability, the Vice-Chairman of the Supervisory Board or another Supervisory Board member who is a shareholders' representative and has been designated by the Chairman will take the place of the Chairman.
2. The chairman of the Annual General Meeting conducts the meeting and determines the order of the items to be discussed as well as the type and order of voting.

#### *Art. 23a Restrictions to shareholders' right to speak and ask questions during the Annual General Meeting*

1. The chairman of the Annual General Meeting has the right to impose a reasonable time limit on shareholders' right to speak and ask questions.

#### *Art. 24 Resolutions of the Annual General Meeting*

1. Barring mandatory statutory provisions to the contrary, Annual General Meeting resolutions are passed by a simple majority of the votes cast and, wherever the law requires a majority of share capital in addition to a majority of votes, by a simple majority of the share capital represented at the vote.
2. Except in elections, a motion is deemed denied if there is a parity of votes. If an election results in a parity of votes for several candidates, a run-off election must be conducted for the candidates with the most votes.

### **IV. Annual Accounts and appropriation of the profit, ratification**

#### *Art. 25 Annual Accounts and Annual Report, ratification of the acts of the Board of Management and of the Supervisory Board*

1. The Board of Management must prepare the Annual Accounts (Balance Sheet along with the Profit and Loss Accounts and Notes) and the Management Report for the previous financial year and submit them to the auditor within the first

three months of every financial year. Immediately upon receiving the auditor's opinion, these documents, along with the auditor's opinion and the proposal for the Annual General Meeting on the appropriation of profits, must be submitted to the Supervisory Board.

2. The Annual Accounts, the Management Report, the Supervisory Board Report and the Board of Management proposal on the appropriation of profits must be made available for the shareholders to inspect at the Company premises, starting at such time as the Annual General Meeting is called. The obligations laid out in Sentence 1 do not apply, insofar as the designated documents are available on the website of the Company for the same period of time.
3. In the first eight months of each financial year and after receiving the report to be made by the Supervisory Board in accordance with Article 171(2) AktG, the Annual General Meeting votes on the ratification of the acts of the Board of Management and the Supervisory Board, on the appropriation of profits, on the election of the auditor and, wherever required by law, on the adoption of the Annual Accounts.

#### *Art. 26 Appropriation of profits*

1. If the Company has issued only common shares, the profits must be distributed evenly to all common shares.
2. If the Board of Management and the Supervisory Board establish the Annual Accounts, they can transfer to other revenue reserves up to 50% of such net income for the year as remains after deducting any losses carried forward and any amounts to be transferred to the statutory reserves. This does not affect the right of the Annual General Meeting to vote on creating other revenue reserves.

## **V. Final provisions**

#### *Art. 27 Dissolution and reorganisation of the Company*

An Annual General Meeting resolution on the dissolution of the Company requires a 90% majority of the votes cast and a 90% majority of the share capital. The same applies to the reorganisation of the Company as a limited partnership (Kommanditgesellschaft) or as a company with limited liability (Gesellschaft mit beschränkter Haftung).

#### *Art. 28 Start-up expenses*

The Company bears the costs and taxes incurred in starting up the Company up to an amount of DM 170,000, and trade tax up to the amount of DM 1,300,000.