

Translation from German into English

# **Memorandum and Articles of Association**

of

## **Heidelberger Druckmaschinen**

### **Aktiengesellschaft,**

#### **Heidelberg**

Per: July 25, 2019

## **I. General**

### **§ 1**

#### **Company Name and Registered Office**

The company is a stock corporation. It does business under the name:

Heidelberger Druckmaschinen Aktiengesellschaft

and has its registered office in Heidelberg.

### **§ 2**

#### **Company Object**

- (1) The purpose of the Company is the manufacture, sale and trade of printing presses and other products in the print media industry and the performance of services and advisory services that relate to this. The purpose of the Company also includes other products, services and advisory services in the area of mechanical engineering, electronics, electrical engineering and the metal industry.
- (2) The Company may undertake any and all transactions and measures that appear necessary or expedient for achieving the company object. In particular, the Company may establish branch offices domestically and abroad, and may form, acquire or acquire interests in companies domestically and abroad.

### **§ 3**

#### **Registered Share Capital and Shares**

- (1) The share capital of the Company amounts to EUR 779,466,887.68 and is divided into 304,479,253 shares.
- (2) The shares are bearer shares.
- (3) The share capital is contingently increased by up to EUR 48,230,453.76, divided into up to 18,840,021 new bearer shares (Contingent Capital 2014). The contingent capital increase is only to be performed to the extent that the bearers or creditors of option or conversion rights or the parties required to exercise/convert option or convertible bonds from option or convertible bonds issued or guaranteed by the Company or a subordinate Group company of the Company by July 23, 2019 on the basis of the authorization of the Management Board by the Annual General Meeting resolution of July 24, 2014

against cash contributions, exercise their option or conversion rights or, if they are required to exercise/convert option or convertible bonds from option or convertible bonds, satisfy their conversion/exercise obligation or to the extent that the Company exercises an option to grant shares in the Company, in full or in part, instead of paying the cash amount owed, to the extent that no cash settlement is granted or that treasury shares or shares of a different listed company are not utilized. The new shares are issued at the option or conversion price to be determined in line with the authorization resolution described above. The new shares participate in profits from the start of the financial year in which they are issued. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the performance of the contingent capital increase.

- (4) The share capital is contingently increased by up to Euro 77,946,688.00 by way of the issue of up to 30,447,925 new no-par value bearer shares (Contingent Capital 2019). The contingent capital increase serves to grant option or conversion rights or to satisfy conversion obligations and to grant shares instead of cash payments to the bearers of bonds issued by the Company or its Group companies up until July 24, 2024 in accordance with the authorization resolution of the Annual General Meeting on July 25, 2019. The new shares are issued at the option or conversion price determined in accordance with the authorization resolution of the Annual General Meeting on July 25, 2019. The contingent capital increase is implemented only if and to the extent that the bearers or creditors of bonds issued or guaranteed up until July 24, 2024 in accordance with the authorization resolution of the Annual General Meeting on July 25, 2019 exercise their option or conversion rights or satisfy their conversion obligations, or shares are to be granted to the bearers or creditors of these bonds instead of cash payments and other forms of fulfillment are not used. The new shares participate in profits from the start of the financial year in which they are issued. The Management Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the implementation of the contingent capital increase.
- (5) The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by a total of up to Euro 185,609,612.80, either in full or in instalments, on one or more occasions up until July 24, 2024 by issuing up to 72,503,755 new no-par value bearer shares in exchange for cash and/or non-cash contributions (Authorized Capital 2019). The shares may be assumed by one or more banks with the obligation to offer them to shareholders for subscription (indirect subscription right). Companies operating under section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the *Gesetz über das Kreditwesen* (German Banking Act) are considered to be equivalent to banks.

As a matter of principle, shareholders must be granted pre-emptive subscription rights. However, the Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive subscription rights for shares:

- to eliminate fractional amounts that would otherwise arise on account of the subscription ratio;

- to the extent necessary to grant the bearers of previously issued bonds with option or conversion rights or conversion obligations pre-emptive subscription rights to new shares to the extent they would be entitled after exercising their option or conversion rights or satisfying their conversion obligation;
- if the shares are issued in exchange for cash contributions and the issue price of the new shares is not significantly less than the quoted market price of the shares of the Company carrying the same rights that are already listed at the date on which the issue price is finalized and the shares issued do not cumulatively exceed 10% of the share capital of the Company at the date on which this authorization becomes effective or, if lower, when this authorization is exercised; this 10% limit includes other shares and pre-emptive subscription rights for shares issued, sold or substantiated since the resolution on this authorization with shareholders' pre-emptive subscription rights disapplied in accordance with section 186 (3) sentence 4 AktG mutatis mutandis; it also includes shares issued or to be issued to serve option, conversion, and/or participation bonds and profit participation rights, if the above bonds and profit participation rights were issued during the term of this authorization with pre-emptive subscription rights disapplied in accordance with section 186 (3) sentence 4 AktG mutatis mutandis;
- in the case of capital increases in exchange for non-cash contributions for the purposes of business combinations or the acquisition of companies, parts of companies, equity investments in companies (including increasing existing equity investments) or other assets.

The total amount of the shares issued with pre-emptive subscription rights disapplied in exchange for cash and non-cash contributions must not exceed 10% of the share capital, either at the time of this authorization becoming effective or – if lower – at the time of this authorization being exercised. The above 10% limit includes shares and rights enabling or obliging the subscription of shares of the Company that are issued or sold during the term of this authorization with shareholders' pre-emptive subscription rights disapplied; it also includes shares issued or to be issued to serve option, conversion, and/or participation bonds and profit participation rights, if the above bonds and profit participation rights were issued during the term of this authorization with pre-emptive subscription rights disapplied.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further content of the share rights and the conditions of share issuance.

#### **§ 4**

#### **Form of the Share Certificates**

The form of the share certificates and the dividend and renewal coupons shall be determined by the Management Board. The Company may issue several shares in one certificate (Global Certificates). To this extent, any right to individually certificate shares is excluded.

#### **§ 5**

#### **Notices / Forum**

- (1) Company notices shall be published in the Federal Gazette (*Bundesanzeiger*), unless mandatory statutory provisions require otherwise.
- (2) The forum for any and all disputes between the Company and shareholders shall be the Company's registered office. Foreign courts shall have no jurisdiction for any such disputes.

### **II. Company's Constitution**

#### **§ 6**

The Company's governing bodies are:

- A. the Management Board;
- B. the Supervisory Board;
- C. the General Shareholders' Meeting.

#### **§ 7**

#### **A. The Management Board**

- (1) The Management Board shall have at least two members. The Supervisory Board shall appoint and dismiss Management Board members and shall determine the number of members. Proxy Management Board members may be appointed.
- (2) Votes by the Management Board shall be decided by a majority of votes cast by its members. Should a chairman be present, he shall have a casting vote in the event of a tie.

## § 8

### Company Representation

The Company shall be represented by two Management Board members or by one Management Board member acting jointly with a commercial attorney in fact (*Prokurist*). Otherwise, the Company will be represented by commercial attorneys in fact or other authorized signatories according to more specific instructions from the Management Board.

## § 9

### B. The Supervisory Board

#### Number and Election

- (1) In accordance with the provisions of the *Mitbestimmungsgesetz* (German Codetermination Act), the Supervisory Board consists of the prescribed minimum number of shareholder and employee members. The shareholder members are elected in accordance with the provisions of the *Aktiengesetz* (German Stock Corporation Act). The employee members are elected in accordance with the provisions of the German Codetermination Act.
- (2) Supervisory Board members shall be elected for the period until conclusion of the General Shareholders' Meeting that resolves to formally approve the actions of the Supervisory Board for the fourth financial year following commencement of the term of office. The financial year in which the term of office begins shall not be included in calculating such period. Re-election shall be permitted. The election of the Supervisory Board members who represent the shareholders will be made by electing the individual candidates. If a Supervisory Board member who represents the shareholders is appointed by a court, then the term of office held by the court-appointed member will end at the conclusion of the next General Shareholders' Meeting. If the court appointment is made only after the Company has already published notice of the General Shareholders' Meeting, then such term of office will end at the conclusion of the General Shareholders' Meeting thereafter.
- (3) The shareholders can also elect one substitute member for each member of the Supervisory Board at the same time as the Supervisory Board members. In the event of the early departure of a member of the Supervisory Board elected by the shareholders, his intended substitute will take his place until the end of the next Annual General Meeting; the term in office of the Supervisory Board member elected by this Annual General Meeting ends with the term in office of the other members of the Supervisory Board. Substitute members for the Supervisory Board members elected by the employees are elected in accordance with the provisions of the German Codetermination Act.

## **§ 10**

### **Chairman of the Supervisory Board**

- (1) Directly following the General Shareholders' Meeting upon the conclusion of which the new term of office commences, the Supervisory Board shall elect from its midst in accordance with the provisions of the German Stock Corporation Act and the German Co-determination Act a chairman and a deputy for the respective term of office. Such election shall take place at a meeting to be held without any special notice.
- (2) Should the chairman or his deputy leave the Supervisory Board prior to expiry of their term of office, the Supervisory Board shall hold a new election for the remaining term of office of the departed member without undue delay.

## **§ 11**

### **Supervisory Board Meetings, Adoption of Resolutions**

- (1) Supervisory Board Meetings shall be called by the chairman, and in the event of his incapacity, by a deputy or by the Management Board on behalf of the chairman or his deputy. Meetings may be called in writing, by telephone, by telex or by telegraph.
- (2) Supervisory Board resolutions shall be adopted at meetings. A resolution transmitted by writing, telephone or another standard means of communication shall be permitted, provided no member of the Supervisory Board objects to such a procedure without undue delay; the same shall apply *mutatis mutandis* to resolutions adopted in Supervisory Board committees.
- (3) The Supervisory Board shall have quorum if no less than half of the members of which it must be constituted participate in adoption of the relevant resolution. Any absent Supervisory Board members may participate in adoption of the relevant resolution by submitting written votes. A written vote shall also be deemed to have been submitted if submitted by fax or another standard means of communication. Written votes may be submitted only by other Supervisory Board members. Should an unequal number of shareholder representatives on the Supervisory Board and employee representatives on the Supervisory Board participate in the relevant resolution, or should the Supervisory Board chairman not participate therein, two Supervisory Board members may jointly demand that the adoption of resolutions concerning individual or all items on the agenda be postponed; however, a repeated postponement of adoption of the resolutions concerning such agenda items may be effected only by virtue of a majority vote.
- (4) Unless § 29 of the German Co-determination Act provides otherwise, Supervisory Board resolutions shall be adopted by a majority of votes cast. The chairman of the relevant meeting shall determine the form of the vote. Abstentions shall not be deemed votes cast. In the event of a tie, each Supervisory Board member may demand a new vote on the same item. Should there be another tie following such vote, the chairman

shall have a casting vote, even if these are cast by another member of the Supervisory Board in accordance with § 108 paragraph 3 sentences 1 and 2 of the German Stock Corporation Act.

Section 31 of the German Co-determination Act shall govern the appointment and dismissal of Management Board members.

- (5) Minutes shall be prepared of Supervisory Board meetings, which shall be signed by the chairman of the relevant meeting and incorporated into the Company's files. The minutes shall record the location and date of the meeting, those attending, the agenda items, the material contents of the discussions and the resolutions of the Supervisory Board. The same shall apply *mutatis mutandis* to any resolutions adopted without a meeting.

## **§ 12**

### **Declarations of Intent by the Supervisory Board, Supervisory Board Committees, Rules of Procedure of the Supervisory Board**

- (1) Declarations of intent by the Supervisory Board shall be made on behalf of the Supervisory Board by the Chairman or, in the event of his incapacity, by his deputy.
- (2) The Supervisory Board may and, to the extent prescribed by law, shall be obliged to form committees. To the extent permitted by law, decision-making authority may be delegated to such committees.
- (3) The Supervisory Board should issue rules of procedure for governing its own working procedures and internal organization.

## **§ 13**

### **Resignation from Office**

Each Supervisory Board member may resign from his office without good cause by way of a written declaration to be sent to the Management Board. The relevant Supervisory Board member shall leave the Supervisory Board no sooner than the end of the following calendar month.

## **§ 14**

### **Transactions Requiring Consent**

- (1) The Management Board shall require the Supervisory Board's consent:



- a) to acquire, sell, and encumber real property and hereditary building rights, to acquire and sell existing shares in companies and to assume any guarantees or similar liabilities, if such transactions exceed 10 % of the registered share capital in any given case, to assume guarantees and similar liabilities if this occurs outside the ordinary course of business; and
  - b) to take out loans.
- (2) Consent pursuant to paragraph 1 a) shall not be required for transactions with affiliated companies.

### **§ 15**

#### **Amendments to the Memorandum and Articles of Association**

The Supervisory Board may amend the Memorandum and Articles of Association (hereinafter "Articles") if the relevant amendment affects the wording only.

### **§ 16**

#### **Supervisory Board Remuneration**

- (1) Each member of the Supervisory Board receives fixed remuneration of 40,000 Euro.
- (2) The Chairman of the Supervisory Board receives three times the remuneration stated under (1), his deputy double the amount stated under (1).
- (3) The members of the Executive Committee, the Audit Committee and the Committee on Arranging Personnel Matters of the Management Board receive additional remuneration for their work on these committees. Each committee member receives remuneration of 1,500 Euro per meeting for his participation in a meeting of one of these committees. The Chairman of the Audit Committee receives remuneration of 4,500 Euro per meeting, the Chairman of the Executive Committee and the Chairman of the Committee on Arranging Personnel Matters of the Management Board receive remuneration of 2,500 Euro per meeting.
- (4) Members of the Supervisory Board who are on the Supervisory Board for only part of the fiscal year receive reduced remuneration proportionate to the time served. The fixed remuneration is payable after the end of the fiscal year, the remuneration for participation in committee meetings in accordance with (3) after participating in the respective meeting.

- (5) The company also grants each member of the Supervisory Board an attendance fee of 500 Euro for participation in a meeting of the Supervisory Board, a meeting of the committees stated in (3) and a preparatory separate shareholder or employee member meeting if these are held on a different day to the Supervisory Board meeting.
- (6) The company reimburses each member of the Supervisory Board for his expenses incurred in the context of his work as a member of the Supervisory Board.
- (7) The company reimburses each member of the Supervisory Board for the sales tax charged in the context of his work as a member of the Supervisory Board.
- (8) The performance of duties by members of the Supervisory Board is covered by a D&O insurance policy taken out by the company.

## § 17

### **C. The General Shareholders' Meeting**

#### **Location, convening and structure of the General Shareholders' Meeting**

- (1) The Company's General Shareholders' Meeting shall be held at the Company's registered office, at the site of a domestic branch or business establishment of the Company or at the site of an enterprise affiliated with the Company or at another location within the Federal Republic of Germany having no less than 100,000 inhabitants. Notice of the meetings shall be provided by the Management Board and, where required by law, by the Supervisory Board, and shall include the meeting agenda.
- (2) The ordinary General Shareholders' Meeting shall be held within the first eight months of a given financial year. In the event a public takeover offer has been made, the Company shall call an extraordinary General Shareholders' Meeting in order to discuss the takeover offer, unless both the Management Board and the Supervisory Board decide not to call such meeting. Otherwise, extraordinary General Shareholders' Meetings shall be called as required.
- (3) Unless a shorter period of time is prescribed by law, notice of the General Shareholders' Meeting must be made at least 30 days prior to the last day, on which the shareholders can still register to attend the General Shareholders' Meeting pursuant to subsection (4) below.
- (4) The only shareholders authorized to participate in the Annual General Meeting and to exercise voting rights are those who register themselves with the company before the Annual General Meeting and present the custodian bank with proof - written certification in German or English - of their shareholdings. The certificate must refer to the start of the

21st day before the meeting. Registration and certification must be received by the company at the address specified for this purpose in the notice of convening no later than six days before the meeting. The date of receipt is not counted.

- (5) In the event of any uncertainty concerning the authenticity or the accuracy of the certification concerning share ownership status, the Company may demand that the shareholders provide additional suitable evidence.
- (6) Every shareholder can be represented by proxy at the Annual General Meeting. Granting power of attorney, retracting it and proving authorization to the company must be carried out in writing.
- (7) The Management Board may allow shareholders to cast their votes in writing or by way of electronic communication even if they do not attend the Annual General Meeting.

### **§ 18**

#### **Chairman of the General Shareholders' Meeting**

- (1) The General Shareholders' Meeting shall be chaired by the chairman of the Supervisory Board or, in the event of his incapacity, by another Supervisory Board member to be appointed by the shareholder representatives on the Supervisory Board present at the meeting. He may permit recording and transmission of the General Shareholders' meeting via electronic media, to the extent permitted by law.
- (2) The chairman shall head the meeting and shall determine the sequence of the items for discussion as well as the type and form of any votes. He may reasonably restrict the time in which the shareholder may ask questions and give speeches. Above all, he may at the commencement or during the course of the General Shareholders' Meeting set reasonable time limits for the entire General Shareholders' Meeting, for the period of discussion on any individual agenda items, and for presenting any individual questions and speeches.

### **§ 19**

#### **Voting Rights / Proxy**

- (1) Each no-par share shall be entitled to one vote at the General Shareholders' Meeting.
- (2) Unless mandatory statutory provisions require otherwise, resolutions shall be adopted by a simple majority of votes cast. Where law requires a majority of the represented share capital in addition to a majority of votes cast, resolutions shall be adopted by a simple majority of the registered share capital represented upon adoption of the relevant resolution.

### **III. Annual Financial Statements and Allocation of Profits**

#### **§ 20**

##### **Financial Year and Accounts**

- (1) The financial year shall run from 1 April until 31 March.
- (2) In the first three months of the fiscal year, the Management Board must prepare the annual financial statements and the management report and the consolidated financial statements and the Group management report for the last fiscal year and submit these to the Supervisory Board immediately upon their completion. At the same time, the Management Board must submit to the Supervisory Board the proposal it intends to make to the Annual General Meeting for the appropriation of net profits.
- (3) The ordinary General Shareholders' Meeting shall adopt resolutions, in particular, concerning the allocation of any net income as shown on the balance sheet, formal approval of the actions of the Management Board and the Supervisory Board, and election of the auditor, and, in those cases stipulated by law, concerning adoption of the annual financial statements.

#### **§ 21**

##### **Reserves**

The Management Board and Supervisory Board may, in adopting the annual financial statement, allot to other revenue reserves, in whole or in part, any net income for the year remaining following deduction of the amount to be allotted to statutory reserves and any loss carry forward. Amounts in excess of fifty percent of the net income for the year may not be allotted to reserves, provided the other revenue reserves would exceed more than fifty percent of the registered share capital following such allotment.

#### **§ 22**

##### **Type and Calculation of Allocation of Profits**

The shareholders' profit shares shall always be allocated in proportion to the contributions paid in by them in relation to their share in the registered share capital and in proportion to the time that has elapsed since such payment. In the event of an increase in the registered share capital, a resolution may be adopted for a different manner of allocating profits for the new shares.