

**Articles of Association**

**of**

**elumeo SE**

**I.**  
**General provisions**

**§ 1 Company name, registered office and financial year**

(1) The company is a European Company (*Societas Europaea*). The name of the company is

**elumeo SE**

(2) The company has its registered office in Berlin in the Federal Republic of Germany.

(3) The first financial year is a short financial year. It begins with the registration of the company in the commercial register and ends on 31 December of the current year at the time of registration. From the following year onwards, the company's financial year is the calendar year.

(4) The duration of the company is indefinite.

**§ 2 Object of the company**

(1) The object of the company is the design, production and distribution of jewellery, jewellery goods, gemstones and related products via the Internet, catalogue, television, retail and other, in particular electronic, distribution channels and the provision of related services. The company holds investments in companies in Germany and abroad.

(2) The company is authorised to undertake all transactions and measures that appear necessary or useful for the realisation of its corporate purpose. In particular, it is entitled to realise the object of the company itself or in whole or in part through subsidiaries or associated companies and to establish branches under the same or a different name in Germany and abroad. The company may establish companies, even if they have a different corporate purpose, acquire them in whole or in part or sell them, combine them under uniform management and conclude company and company co-operation and pooling of interests agreements with them or limit itself to

the management of shareholdings. It is authorised to spin off all or part of its operations into subsidiaries or associated companies and may also limit its activities to part of the area of activity specified in paragraph 1.

### **§ 3 Announcements**

The company's announcements are made in the Federal Gazette, unless otherwise required by law. The company is authorised to transmit information to the holders of authorised securities of the company by means of electronic media. Insofar as the law stipulates that declarations or information be made available to shareholders without specifying a particular form, posting on the company's website is sufficient.

## **II.**

### **Share capital and shares**

#### **§ 4 Amount and division of the share capital**

- (1) The company's share capital amounts to EUR 5,927,420.00 (five million nine hundred and twenty-seven thousand four hundred and twenty euros).
- (2) The share capital is divided into 5,927,420 no-par value bearer shares.
- (3) The company's share capital was provided in the amount of EUR 427,420.00 in cash and in the amount of EUR 497,284.00 through the non-cash contribution of all shares in Juwelo TV Deutschland GmbH, based in Berlin, and in the amount of EUR 3,382,716.00 through the non-cash contribution of all shares in Silverline Distribution Limited, based in Hong Kong, People's Republic of China.

#### **§ 5 Authorised capital 2021**

- (1) The Board of Directors is authorised to increase the share capital on one or more occasions until 24 June 2026, in whole or in part, by up to a total of EUR 1,572,580 by issuing up to 1,572,580 new no-par value bearer shares against cash and/or non-

cash contributions (**Authorised Capital 2021**). Shareholders must generally be granted a subscription right; the statutory subscription right can also be granted in such a way that the new shares are taken over by a credit institution or a syndicate of credit institutions determined by the Board of Directors with the obligation to offer them to the company's shareholders for subscription. The Board of Directors is authorised to exclude shareholders' statutory subscription rights in the following cases:

- in the event of a capital increase against contributions in kind, in particular for the acquisition of companies, parts of companies or interests in companies;
- in the case of capital increases against cash contributions, if the issue price of the new shares issued with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG is not significantly lower than the stock market price of the shares of the same class and features already listed and the total pro rata amount of the share capital attributable to the new shares issued with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG does not exceed ten percent of the share capital existing at the time this authorisation becomes effective and at the time this authorisation is exercised. Shares that were issued or sold in direct or analogous application of Section 186 para. 3 sentence 4 AktG during the term of this authorisation up to the time of its exercise are to be counted towards this limit of 10% of the share capital; shares that were issued or can still be issued by the company on the basis of convertible bonds or bonds with warrants are also to be counted, provided that the convertible bonds or bonds with warrants were issued during the term of this authorisation up to the time of its exercise in analogous application of Section 186 para. 3 sentence 4 AktG with the exclusion of shareholders' subscription rights;
- to avoid peak amounts;

- to the extent necessary to grant the holders or creditors of conversion or option rights and/or the holders or creditors of bonds with conversion or option obligations issued or to be issued by the company or by a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital a subscription right to the extent to which they would be entitled after exercising the conversion or option rights or after fulfilment of the conversion or option obligations;
  - to issue shares as part of share participation or other share-based programmes against cash and/or non-cash contributions to members of the Board of Directors of the company, members of the representative body of a company affiliated with the company or to employees of the company or an affiliated company , whereby the employment relationship or board relationship with the company or an affiliated company must exist at the time of the commitment to issue shares.
- (2) The Board of Directors is authorised to determine the further details of the capital increase and its implementation, in particular the content of the share rights and the conditions of the share issue, including a profit participation deviating from Section 60 para. 2 AktG. The Board of Directors is authorised to amend the company's Articles of Association accordingly after full or partial utilisation or the expiry of the authorised capital, in particular with regard to the amount of share capital and the number of existing no-par value shares.

## **§ 6 Contingent capital**

- (1) Conditional capital 2021/I

The company's share capital will be conditionally increased by up to EUR 1,600,000 by issuing up to 1,600,000 new no-par value bearer shares (**Conditional Capital 2021/I**). The conditional capital increase serves to grant shares to holders or creditors of convertible bonds and/or bonds with warrants that are issued by the company or a

domestic or foreign company in which the company directly or indirectly holds the majority of votes and capital until 24 June 2026 (inclusive) on the basis of the authorisation pursuant to the resolution of the Annual General Meeting on 25 June 2021 under agenda item 9. It will only be carried out to the extent that the conversion or option rights from the aforementioned bonds are actually exercised or conversion obligations from such bonds are fulfilled and to the extent that no other forms of fulfilment are used for servicing. The new shares will be issued at the conversion or option price to be determined in accordance with the aforementioned authorisation resolution of the Annual General Meeting on 25 June 2021. The Board of Directors is authorised to determine the profit participation of the new shares in deviation from Section 60 para. 2 AktG. The Board of Directors is authorised to determine the further details of the implementation of the conditional capital increase. The Board of Directors is authorised to amend the wording of Section 6 para. 1 of the company's Articles of Association in accordance with the issue of the new shares from the Conditional Capital 2021/I. The same applies if the authorisation to issue convertible bonds and/or bonds with warrants in accordance with the resolution of the Annual General Meeting on 25 June 2021 is not exercised during the term of the authorisation or the corresponding conversion or option rights or conversion and option obligations expire due to the expiry of the exercise periods or in any other way.

(2) Conditional Capital 2015/II

The company's share capital is conditionally increased by up to EUR 350,000 (in words: three hundred and fifty thousand euros) by issuing up to 350,000 (in words: three hundred and fifty thousand) new no-par value ordinary bearer shares (no-par value shares) (**Conditional Capital 2015/II**). The Contingent Capital 2015/II serves exclusively to grant new shares to the holders of option rights issued by the company in accordance with the authorisation resolution of the Annual General Meeting on 7 April 2015 (agenda item 8). The shares will be issued at the exercise price to be determined in accordance with the aforementioned resolution. The conditional capital increase will only be implemented if the holders of the option rights exercise them. The shares shall participate in profits from the beginning of the previous financial year,

provided they are created by the beginning of the company's Annual General Meeting, otherwise from the beginning of the financial year in which they are created.

(3) Conditional capital 2021/II

The company's share capital is conditionally increased by up to EUR 200,000 (in words: two hundred thousand euros) by issuing up to 200,000 (in words: two hundred thousand) new no-par value ordinary bearer shares (no-par value shares) (**Conditional Capital 2021/II**). The Conditional Capital 2020/II serves exclusively to grant new shares to the holders of option rights issued by the company in accordance with the authorisation resolution of the Annual General Meeting on 25 June 2021 (agenda item 10 b)). The shares will be issued at the exercise price to be determined in accordance with the aforementioned resolution. The conditional capital increase will only be implemented if the holders of the option rights exercise them. The shares will participate in profits from the beginning of the previous financial year, provided they are created by the beginning of the company's Annual General Meeting, otherwise from the beginning of the financial year in which they are created.

## § 7 Shares

- (1) The shares are issued to the bearer. This also applies to capital increases, unless a different provision is made in the resolution on the capital increase.
- (2) The company is authorised to issue interim certificates, dividend coupons and renewal coupons. The form and content of the share certificates and any interim certificates, dividend coupons and renewal coupons are determined by the Board of Directors. The same applies to bonds and interest coupons.
- (3) Instead of individual certificates, the company may also issue certificates for several shares (global certificates) or one certificate for all shares (global certificate). The right of shareholders to securitisation of their respective shares is excluded insofar as this is legally permissible and securitisation is not required in accordance with the rules of a stock exchange on which the shares are listed.

- (4) To the extent permitted by law, the Annual General Meeting may also resolve a distribution in kind in addition to or instead of a cash distribution.
- (5) In the event of a capital increase, the profit participation of new shares can be determined in deviation from Section 60 AktG.

### III.

#### Organisational constitution of the company

##### § 8 Bodies of the company

The governing bodies of the company are the Board of Directors and the Annual General Meeting.

### IV.

#### The Board of Directors

##### § 9 Composition, term of office

- (1) The Board of Directors consists of at least three members and a maximum of 12 members. The Annual General Meeting determines the number of members of the Board of Directors.
- (2) The members of the Administrative Board are appointed by the Annual General Meeting with a simple majority of votes. Art. 43 para. 3 sentence 3 SE Regulation remains unaffected.
- (3) The members of the Board of Directors who are not also Managing Directors of the company (the "**Non-Executive Directors**") must always make up the majority of the members of the Board of Directors.
- (4) Unless appointed for a shorter term, the term of office of each member of the Board of Directors ends at the end of the Annual General Meeting that resolves on the

discharge for the fifth financial year after the start of the term of office and no later than six years after the appointment of the respective member of the Board of Directors. The financial year in which the term of office begins is not counted. Re-election is permitted. The Annual General Meeting may determine a shorter term of office.

- (5) Members of the Board of Directors can be dismissed by a resolution of the Annual General Meeting, which requires a majority of three quarters of the votes cast.
- (6) If the Board of Directors consists of more than three members, a member of the Board of Directors may resign from office without good cause by giving at least one month's written notice to all members of the Board of Directors. The right to resign from office for good cause remains unaffected. The Chairman of the Board of Directors - or his deputy in the event of resignation by the Chairman of the Board of Directors - may agree to a shortening of the resignation period or a waiver of the resignation period.
- (7) The Annual General Meeting may simultaneously appoint substitute members for the members of the Board of Directors to be elected by it, who shall take the place of members of the Board of Directors who retire prematurely in an order to be determined by the Annual General Meeting at the time of election. If a substitute member takes the place of a retiring member, their office shall expire at the end of the next Annual General Meeting at which a new election is held, but at the latest at the end of the term of office of the retired member of the Board of Directors. If the Annual General Meeting holds a new election for a member of the Board of Directors who has ceased to be a member and has been replaced by a substitute member, the latter shall resume his position as a substitute member.

## **§ 10 Internal order**

- (1) Following the Annual General Meeting at which the new members of the Board of Directors to be elected by the Annual General Meeting have been elected, a meeting of the Board of Directors shall be held which does not require special notice (constituent meeting). At this meeting, the Board of Directors, chaired by the oldest member of the Board of Directors, elects a Chairman (Chairman of the Board of

Directors) and a Deputy Chairman of the Board of Directors from among its members by simple majority, unless otherwise stipulated by law, these Articles of Association or the rules of procedure for the Board of Directors, the Deputy Chairman is entitled to all the rights of the Chairman if the latter is unable to fulfil his duties, rights and obligations.

- (2) The terms of office of the Chairman and Deputy Chairman shall correspond to their respective terms of office as members of the Board of Directors, unless shorter terms of office are determined during the election. If the Chairman or Deputy Chairman leaves office prematurely, the Board of Directors must immediately hold a new election for the remaining term of office of the person who has left.
- (3) The Board of Directors shall adopt its own rules of procedure within the framework of the statutory provisions and these Articles of Association.

#### **§ 11 Responsibilities of the Board of Directors**

- (1) The Board of Directors manages the company and fulfils the duties and powers incumbent upon it in accordance with the law, these Articles of Association and its rules of procedure. It determines the basic principles of its business activities and monitors their implementation by the Managing Directors. The Board of Directors acts in accordance with the applicable laws, these Articles of Association and its rules of procedure and is obliged to comply with the restrictions set by the Annual General Meeting within the framework of the statutory provisions.
- (2) The Board of Directors supervises the Managing Directors and issues rules of procedure for the Managing Directors. The Board of Directors may also issue separate rules of procedure for the Managing Directors. If the Board of Directors does not issue rules of procedure for the Managing Directors, the Managing Directors shall issue their own rules of procedure by unanimous resolution of all Managing Directors, which shall require the approval of the Board of Directors.
- (3) The Board of Directors decides on the appointment and revocation of appointments as well as on the employment contracts of the Managing Directors.

- (4) The Board of Directors is authorised to adopt amendments and additions to the Articles of Association that only affect the wording.

## **§ 12 Meetings**

- (1) Meetings of the Board of Directors are convened by the Chairman with a notice period of fourteen days in writing, by e-mail or by fax, stating the time of day and the agenda and, in the case of face-to-face meetings, also the venue. The day on which the meeting is convened and the day of the meeting are not included in the calculation of the notice period. In urgent cases, the Chairman may shorten the notice period and convene the meeting verbally, by telephone or by another suitable electronic means. § Section 110 (1) and (2) AktG remain unaffected.
- (2) Resolutions are generally passed in meetings. Members of the Board of Directors may participate in meetings of the Board of Directors by video or telephone conference or by means of electronic media that enable the members of the Board of Directors to see and hear each other at the request of the Chairman or, if he is unable to do so, at the request of the Deputy Chairman. Members of the Board of Directors who participate by one of these means of communication are deemed to be present at the meeting. A member of the Board of Directors who is not present in person at the Board of Directors meeting may participate in the passing of resolutions by the Board of Directors and its committees by submitting written votes (including by email or fax) to the person inviting them to the meeting prior to the vote. This also applies to the second vote of the Chairman. The written votes may be submitted by other members. Written votes may also be submitted by persons who are not members of the Board of Directors if they are authorised to attend the meeting in accordance with Section 109 (3) of the German Stock Corporation Act (AktG).
- (3) Outside of meetings of the Board of Directors, resolutions may be passed in writing, by fax, by e-mail, by telephone or by electronic means or by a combination of the aforementioned means of communication if the Chairman or, if he is unable to do so, the Deputy Chairman so orders.

- (4) The meeting of the Board of Directors is chaired by the Chairman or, if he is unable to attend, by the Deputy Chairman.

### **§ 13 Resolution**

- (1) The Board of Directors is quorate if at least half of the members of which it consists in accordance with the Articles of Association, and of which the majority must be non-executive members of the Board of Directors, are present or represented at the passing of resolutions. A member also participates in a resolution if he or she abstains from voting or is not authorised to vote on the resolution. If the Board of Directors is then not quorate, a new meeting with the same agenda must be convened immediately with a notice period of two weeks. The day of the originally scheduled meeting of the Board of Directors and the day of the newly convened meeting of the Board of Directors are not included in the calculation of the two-week period.
- (2) Resolutions on agenda items that have not been duly announced can only be passed if no member of the Board of Directors objects to the resolution. Members of the Board of Directors who are not present at the Board of Directors meeting may object to the resolution within two weeks of receiving a copy of the minutes in accordance with para. (6) if they do not subsequently participate in the resolution. The date of receipt of the copy of the minutes pursuant to para. (6) and the day of the objection shall not be included in the calculation of the deadline. The resolution becomes effective if none of the absent members of the Board of Directors has objected within the deadline.
- (3) A vote cast by fax or e-mail by a member of the Board of Directors to another member of the Board of Directors for submission at the meeting of the Board of Directors is deemed to be a written vote.
- (4) Unless otherwise stipulated by mandatory statutory provisions or these Articles of Association, resolutions of the Board of Directors are passed by a simple majority of the votes cast. Abstentions are not counted when determining the result of a vote. In the event of a tie, the vote of the Chairman or, in his absence, the vote of the Deputy Chairman shall count double. If no Chairman is elected or the Chairman does not participate in the vote, a motion is deemed to be rejected in the event of a tie. If an

Executive Director who is also a member of the Board of Directors is legally prevented from participating in the passing of resolutions by the Board of Directors, the Chairman has an additional vote. This regulation applies accordingly to the passing of resolutions in committees, with the proviso that the committee chairperson takes the place of the Chairman of the Board of Directors, unless mandatory statutory provisions dictate otherwise.

- (5) Resolutions not passed at meetings must be formally adopted by the Chairman and recorded in the minutes.
- (6) Minutes of the meetings of the Board of Directors shall be prepared in German or English and shall be signed by the respective chairperson of the meeting of the Board of Directors, in the case of para. (5) signed by the Chairman. The minutes must include the place and date of the meeting, the participants and the items on the agenda, the main content of the discussions and the resolutions of the Board of Directors. The secretary shall be appointed by the Chairman of the Board of Directors meeting. A copy of the minutes must be sent to each member of the Board of Directors without delay.
- (7) The Chairman, or in his absence the Deputy Chairman, is authorised to make the declarations of intent required to implement the resolutions of the Board of Directors and its committees and to accept declarations on behalf of the Board of Directors.

#### **§ 14 Committees**

- (1) To the extent permitted by law, the Board of Directors is authorised to delegate its tasks and duties to committees made up of members of the Board of Directors.
- (2) The activities and resolutions of the committees are governed by § 12 and § 13 shall apply accordingly.

## **§ 15 Remuneration**

- (1) The non-executive members of the Board of Directors receive a fixed annual remuneration for each full financial year of their membership of the Board of Directors. The Chairman receives EUR 120,000.00 plus VAT. The other non-executive members of the Board of Directors each receive EUR 25,000.00 plus VAT. Non-executive members of the Board of Directors who chair a committee formed by the Board of Directors, but who are not also Chairman of the Board of Directors, receive an additional EUR 12,500.00 plus VAT for each full financial year of committee chairmanship. A member of the Board of Directors who is only active for part of a financial year receives pro rata temporis remuneration calculated on the basis of the period of activity determined in full months. The remuneration is payable pro rata temporis after the end of each month.
- (2) Each member of the Board of Directors shall receive, in addition to the remuneration pursuant to para. 1, reimbursement of their expenses and any VAT payable on the remuneration.
- (3) In addition to the remuneration in accordance with para. 1, each member of the Board of Directors also receives as additional remuneration the assumption of the costs of liability insurance (so-called "D&O insurance" ), which is taken out by the company for the members of the Board of Directors. This insurance is taken out with an appropriate sum insured and a deductible of 10% of the respective loss. The deductible is limited to one and a half times the fixed annual remuneration of the respective member of the Board of Directors for all claims occurring within an insurance year. The costs of this insurance are borne by the company.

## **§ 16 Managing Directors**

- (1) The Board of Directors appoints one or more Managing Directors and concludes employment contracts with them. The Board of Directors may appoint one of these Managing Directors as Chief Executive Officer and one or two as Deputy Chief Executive Officers.

- (2) The Managing Directors manage the company's business in accordance with the applicable laws, these Articles of Association, the rules of procedure for the Managing Directors and the guidelines and specifications established by the Board of Directors.
- (3) The Managing Directors may only carry out the following measures and transactions with the prior approval of the Board of Directors:
  - (a) the preparation of business plans for the company and its subsidiaries as well as the medium-term planning and the annual budget of the company and its subsidiaries;
  - (b) the assumption of financial liabilities or the granting of collateral by the company or by subsidiaries, unless this is customary collateral in the ordinary course of business;
  - (c) the acquisition or sale of a company or business, assets or property by the company or by subsidiaries or the agreement of an obligation to make such an acquisition or sale;
  - (d) the appointment of executive bodies in subsidiaries.

The Board of Directors may impose further approval requirements.

- (4) Managing Directors can be dismissed at any time by resolution of the Board of Directors with a simple majority. The employment contract of the Managing Director remains unaffected by the dismissal.
- (5) The termination of the employment contract of a Managing Director requires a resolution of the Board of Directors with a simple majority and the announcement of the termination by the Chairman of the Board of Directors or his deputy.

## **§ 17 Representation of the company**

- (1) The company is represented by two managing directors or by one managing director together with an authorised signatory. If only one Managing Director is appointed, he/she represents the company alone. The Board of Directors may grant individual

Managing Directors sole power of representation and exempt individual Managing Directors from the restrictions of Section 181 second alternative of the German Civil Code (BGB) in general or in individual cases.

- (2) § Section 41 (5) SEAG remains unaffected

## **V.**

### **The Annual General Meeting**

#### **§ 18 Place and convocation**

- (1) The Annual General Meeting takes place at the company's registered office, at a location within a radius of 100 kilometres (as the crow flies) from the company's registered office or in a German city with at least 50,000 inhabitants.
- (2) The Annual General Meeting is convened by the Board of Directors or, in the cases provided for by law, by other persons.
- (3) The convening notice must be published in the Federal Gazette at least thirty days before the day by the end of which the shareholders must register prior to the Annual General Meeting. This notice period shall be extended by the days of the registration period (§ 19(2) of the Articles of Association). The day on which the meeting is convened and the day by the end of which shareholders must register prior to the Annual General Meeting are not included in the calculation of the deadline.

#### **§ 19 Right to participate**

- (1) Shareholders who wish to attend the Annual General Meeting and exercise their voting rights must register for the Annual General Meeting in writing or in text form (Section 126 b BGB) and in German or English.
- (2) Proof of the right to participate and exercise voting rights must be provided. For this purpose, proof of share ownership prepared in German or English by the last

intermediary in accordance with Section 67c (3) AktG is sufficient. The proof of share ownership must relate to the beginning of the twenty-first day prior to the Annual General Meeting. The registration and proof of shareholding must be received by the company at the address stated for this purpose in the notice of the Annual General Meeting at least six days before the Annual General Meeting. The day of receipt of the registration and proof of shareholding and the day of the Annual General Meeting are not included in the calculation of the deadline. A shorter deadline, to be measured in days, may be stipulated in the convening notice.

- (3) Voting rights may be exercised by authorised representatives. The granting of a proxy, its revocation and proof of authorisation to the company must be in text form (Section 126b BGB). The convening of the Annual General Meeting may stipulate a simplification. § Section 135 of the German Stock Corporation Act remains unaffected. If a shareholder authorises more than one person, the company may reject one or more of them.
- (4) The Board of Directors may authorise shareholders to participate in the Annual General Meeting without being present at the venue and without an authorised representative and to exercise all or some of their rights in whole or in part by means of electronic communication (electronic participation). The Board of Directors may also make provisions regarding the scope and procedure of participation and the exercise of rights of electronic participation.

## **§ 20 Management of the Annual General Meeting**

- (1) The Board of Directors elects the Chairman of the Annual General Meeting and, if he is unable to attend, a Deputy Chairman. The Chairman of the Annual General Meeting or his deputy shall chair the Annual General Meeting. The chairman of the meeting determines the order in which the items on the agenda are discussed as well as the type and order of voting. The chairman of the meeting is authorised to impose reasonable time limits on the shareholders' right to ask questions and speak for the entire course of the Annual General Meeting, for the discussion of individual agenda items or for questions and speeches by individual speakers at the beginning or during the course of the Annual General Meeting. In addition, the chairman of the meeting

may order the end of the debate if this is necessary for the proper conduct of the Annual General Meeting.

- (2) The result of the vote is determined by ascertaining the number of votes in favour and against. The method of ascertainment is determined by the chairperson of the meeting.
- (3) By order of the chairman of the meeting, the Annual General Meeting may be transmitted in whole or in part by video and audio via electronic or other media.

## **§ 21 Resolution**

- (1) Each no-par value share grants one vote.
- (2) Voting rights may be exercised by proxy. The granting of a proxy, its revocation and proof of authorisation to the company must be in text form (Section 126 b BGB). § Section 135 AktG remains unaffected.
- (3) The Board of Directors may authorise shareholders to cast their votes in writing or by means of electronic communication without attending the Annual General Meeting (postal vote). The Board of Directors determines the details of postal voting in the notice convening the Annual General Meeting.
- (4) The resolutions of the Annual General Meeting are passed with a simple majority of the valid votes cast. Insofar as the law also prescribes a majority of the share capital represented when the resolution is passed, a simple majority of the share capital represented when the resolution is passed is sufficient, unless the law or the Articles of Association prescribe a larger majority of votes or capital. Amendments to the Articles of Association require a majority of two thirds of the valid votes cast or, if at least half of the share capital is represented, a simple majority of the valid votes cast.

**VI.**  
**Annual financial statements**

**§ 22 Annual financial statements and management report**

- (1) The Managing Directors must prepare the annual financial statements and the consolidated financial statements, the management report and the Group management report for the past financial year and submit them to the auditor and the Board of Directors without delay. The Managing Directors must also submit a proposal to the Board of Directors for the appropriation of net profit to the Annual General Meeting.
- (2) The Board of Directors must examine the annual financial statements, the management report and the proposal for the appropriation of net profit as well as the consolidated financial statements and the Group management report. The Board of Directors must report to the Annual General Meeting in writing on the results of its audit. The report must also comment on the results of the audit of the annual financial statements and the consolidated financial statements by the auditor or the group auditor. The audit report must be forwarded to the Managing Directors within one month of receipt of the submitted documents.
- (3) If the Board of Directors approves the annual financial statements after examination, they are adopted unless the Board of Directors decides to leave the adoption of the annual financial statements to the Annual General Meeting. If the Board of Directors approves the annual financial statements, it is authorised to transfer part or all of the net profit for the year remaining after deduction of the amounts to be transferred to the legal reserve and any loss carried forward to other revenue reserves. The allocation of more than half of the net profit for the year is not permitted if the other revenue reserves exceed half of the share capital or would exceed half of the share capital after the allocation.