

CONVENIENCE TRANSLATION

NORMA Group SE

Annual General Meeting on 20 May 2014

Report of the Management Board on agenda item 8

The Company is authorised, by resolution of the Extraordinary General Meeting of 6 April 2011, to acquire own shares up to a total of 10% of the share capital and to use them for any legally permissible purpose. This authorisation will run until 5 April 2016 and will therefore likely expire before the scheduled date for the Annual General Meeting in 2016. The Management Board and the Supervisory Board believe it reasonable to continue to allow the Company, in accordance with usual corporate practice, to acquire and use own shares pursuant to section 71(1), no. 8 German Stock Corporation Act. Agenda item 8 contains the proposal to cancel the existing authorisation for the acquisition and use of own shares and to grant a new authorisation.

Based on the proposed authorisation, the Supervisory Board shall be able to determine that measures of the Management Board on the basis of the authorisations regarding agenda item 8 may be taken only with its consent or the consent of a Supervisory Board committee.

Acquisition of own shares

With the new authorisation for the acquisition and use of own shares, the Company will – for five years, i.e. on or before 19 May 2020 – be able to acquire own shares up to a total of 10% of the share capital at the time of the adoption of the resolution or – if this value is lower – at the time at which the authorisation is exercised. This will allow the Company to make use of the legal framework for such authorisations. Based on the proposed authorisation, the Company can, by itself or via companies dependent on it or in which the Company holds a majority of the shares or via third parties acting on its or their account, acquire own shares by means of a purchase over the stock exchange or by way of a public purchase offer.

When acquiring own shares the equal treatment principle of section 53a German Stock Corporation Act should be noted. The proposed acquisition of the shares over the stock exchange or by way of a public purchase offer takes this principle into account. Should, in the case of a public purchase offer, the number of shares offered for sale exceed the total volume the Company intends to acquire, it is possible that, based on the proposed authorisation, the acquisition will be performed according to the proportion of offered shares per shareholder instead of according to the proportion of the participation quotas. In this way the acquisition process can be simplified and technically executed in an economically reasonable manner. Moreover, it shall be possible to give preferential treatment to lower numbers of shares up to 50 shares per shareholder. On the one hand, this possibility serves to avoid small residual quantities and possibly related de facto discrimination of small shareholders. On the other hand, the possibility likewise contributes to the simplification of the technical execution of the acquisition process. Finally, in all cases it shall be possible to provide for a rounding of shares according to commercial principles, in order to avoid fractional shares. This possibility will also simplify the technical

execution. The Management Board and the Supervisory Board consider it objectively justified and appropriate vis-à-vis the shareholders to exclude any more extensive right of the shareholders to sell shares in all of the structures specified in this paragraph.

Use of own shares

The own shares acquired based on the proposed authorisation may be used for all legally permissible purposes including, in particular, the following:

Redemption of shares

The resolution proposal contains the authorisation of the Company to redeem own shares without a further resolution of the General Meeting. This authorisation makes it possible for the Company to react to the respective capital market situation in an appropriate and flexible manner. The proposed authorisation stipulates that the Management Board can also redeem the shares in accordance with section 237(3), no. 3 German Stock Corporation Act without a capital reduction. Redemption of shares without a capital reduction results in an increase of the proportional amount of the remaining shares in the share capital of the Company pursuant to section 8(3) German Stock Corporation Act. In such a case the Management Board shall be authorised to amend the Articles of Association with respect to the changed amount of the no-par value shares.

Sale of shares

The own shares acquired by the Company can be sold over the stock exchange or by means of an offer to all shareholders. In this way the principle of equal treatment of the shareholders will be adhered to when the shares are sold. In addition, the Company can also – based on the proposed authorisation – sell the acquired own shares, under exclusion of acquisition rights, in a different manner than over the stock exchange or by means of an offer to all shareholders if the shares are sold for cash at a price that does not fall significantly below the stock exchange price of shares in the Company at the time of the sale. This authorisation makes use of the possibility of simplified exclusion of acquisition rights permitted in section 71(1), no. 8 German Stock Corporation Act in analogous application of section 186(3), sentence 4 German Stock Corporation Act. It will serve the interest of the Company in achieving the best possible price when selling the own shares. The Company will be put in a position to make use of the available opportunities, based on the respective state of the stock market, quickly and flexibly as well as cheaply. The sale proceeds achievable by means of a pricing that is as close as possible to market pricing usually results in a significantly higher inflow of funds per sold share than in the case of a placement of shares with acquisition rights of the shareholders, in respect of which there are generally significant markdowns of the stock exchange price. In addition, by foregoing the time-consuming and expensive execution of acquisition rights, the equity capital requirements can be quickly met through market opportunities arising at short notice. Finally, the authorisation of the Company will also help when it comes to finding new investors.

The concept of dilution protection for the shareholders is taken into account by the fact that the shares may only be sold at a price that does not fall significantly below the relevant stock exchange price. The final sale price for the own shares is determined shortly before the sale. Taking into account the respective relevant market conditions, the Management Board will endeavour to keep any markdown of the stock exchange price as low as possible. It is generally possible for interested shareholders to maintain their participation quota by acquiring additional shares in the market.

The authorisation applies subject to the provision that the shares sold with the exclusion of the acquisition right pursuant to section 186(3), sentence 4 German Stock Corporation Act may not, in the aggregate, exceed a proportional amount of 10% of the share capital either at the time this authorisation takes effect or at the time it is exercised. Shares that are issued during the term of this authorisation from authorised capital under exclusion of the subscription right pursuant to sections 203(2), sentence 2, section 186(3), sentence 4 German Stock Corporation Act will be counted towards this limit. Moreover, any shares that are to be issued for servicing bonds and/or participation rights with conversion or option rights or a conversion or option obligation will be counted towards this limit insofar as the bonds and/or participation rights are issued subject to the exclusion of subscription rights during the term of this authorisation in analogous application of section 186(3), sentence 4 German Stock Corporation Act. The financial and voting rights interests of the shareholders are appropriately protected as a result of these imputations and the fact that the issue price must be based on the stock exchange price.

Moreover, the Company shall be given the possibility to sell own shares, under exclusion of acquisition rights of the shareholders, for non-cash consideration as well. Thereby, the Company will be put in a position to be able to offer own shares, directly or indirectly, as consideration in appropriate individual cases, in particular in connection with the acquisition of enterprises, parts of enterprises or interests in enterprises. The Company competes at a global level. It must be in a position at all times to act quickly and flexibly in national and international markets. Practice shows that it is not uncommon for shares to be demanded as consideration instead of money. The possibility to offer own shares as consideration therefore creates an advantage when competing for interesting acquisition targets as well as the necessary leeway to be able to make use of available opportunities to acquire objects quickly, flexibly and in a manner that does not weaken the Company's liquidity position. Consideration in the form of shares may also make sense from the perspective of an optimum financing structure. If such projects materialise, the Management Board will carefully assess whether it should make use of the authorisation to grant own shares. When determining the relations between the respective values, the Management Board will make sure that the interests of the shareholders are appropriately protected. When determining the value of the shares provided as consideration, the Management Board will generally take the stock exchange price of the shares as a basis. However, a schematic connection with the stock exchange price is not in the interest of the Company, especially so as not to call into question – through fluctuations in the stock exchange price – results of negotiations that have been achieved.

Fulfilment of conversion or option rights/conversion or option obligations

Moreover, the authorisation provides that the own shares, under exclusion of shareholders' acquisition rights, may be used to fulfil conversion or option rights/conversion or option obligations arising from bonds and/or participation rights that were issued by the Company or a domestic or foreign company in which the Company holds directly or indirectly the majority of the votes and capital.

Instead of new shares from a capital increase, it may be expedient to use – in full or in part – own shares in order to service conversion or option rights/conversion or option obligations. For this reason the authorisation provides for such a – common – possibility to use own shares.

Use for remuneration or employee share schemes

It shall be possible for the acquired own shares to be used as well in connection with share-based remuneration or employee share schemes of the Company, or of companies that are dependent on the Company or in which the Company holds a majority of the shares, and issued to persons who are or were in an employment relationship with the Company or a company that is dependent on the Company or in which the Company holds a majority of the shares. It could be in the interest of the Company and its shareholders to issue employee shares since this could promote the employees' identification with the Company and, in so doing, help increase the corporate value as well as encourage a sense of responsibility. In order to be able to offer the employees the chance to purchase own shares, the shareholders' acquisition rights to these shares must be excluded. When determining the purchase price to be paid by the employees, an appropriate reduction based on the company's success – which is customary for employee shares – can be granted. The authorisation also makes it possible to provide employees with shares free of charge; the Management Board will only make limited use – if any – of this possibility.

Exclusion of acquisition rights for the benefit of creditors of bonds

Finally, the authorisation makes it possible, in the case of an offer of own shares to the shareholders, to partly exclude the shareholders' acquisition rights for the benefit of the creditors of bonds and/or participation rights with conversion or option rights/a conversion or option obligation. This makes it possible, instead of reducing the conversion or option price, to grant the holders of existing conversion or option rights/the creditors of bonds with conversion or option obligations subscription rights to shares as dilution protection.

Additional information

The aforementioned possibilities can also be made use of with respect to shares that were acquired on the basis of earlier authorisation resolutions in accordance with section 71(1), no. 8 German Stock Corporation Act. These possible uses also apply in the case of shares that were acquired by companies that are dependent on the Company or in which the Company holds a majority, or that were acquired

in accordance with section 71d, sentence 5 German Stock Corporation Act. Being able to use these own shares like the shares acquired on the basis of this authorisation resolution is advantageous and provides additional flexibility.

The Management Board will report to the next General Meeting on any use of the authorisation.