**Convenience Translation**

**Annex to agenda item 10**

**Report of the Managing Board of Heidelberg Materials AG to the Annual General Meeting on the acquisition of treasury shares pursuant to section 71 para. 1 no. 8 of the German Stock Corporation Act and on their use with the possible exclusion of subscription rights**

In item 10 of the agenda, the Managing Board and the Supervisory Board propose to make it possible for the Company to acquire treasury shares within the limits of section 71 para. 2 sentence 1 of the German Stock Corporation Act. Pursuant to section 71 para. 1 no. 8 sentence 5 in conjunction with section 186 para. 4 sentence 2 of the German Stock Corporation Act, the Managing Board submits this report on the reasons for the exclusion of shareholders' subscription rights in connection with the sale of treasury shares.

The authorisation to acquire treasury shares issued by the Annual General Meeting on 11 May 2023 was partly utilised. 4,117,499 shares were acquired within the scope of the 2021 share buyback programme and 3,637,360 shares were acquired within the scope of the 2024 share buyback programme under this authorisation. Therefore, insofar as it has not already been utilised, such authorisation shall be revoked and replaced by a new authorisation, with essentially the same content, for another five-year term until 14 May 2030. In this connection, the Managing Board shall also be authorised again to use treasury shares in certain cases, subject to the approval of the Supervisory Board and the exclusion of the shareholders' subscription rights.

With the proposed authorisation, it will be possible for the Company to realise the benefits associated with the acquisition of treasury shares in the interest of the Company and its shareholders. To this end, the Company is making use of section 71 para. 1 no. 8 of the German Stock Corporation Act and the maximum period of five years stipulated therein.

**Acquisition of treasury shares subject to the exclusion of a possible right to sell**

The Company is to be given the possibility of acquiring treasury shares first of all via the stock exchange, by way of a public purchase offer sent to all shareholders of the Company or via a public call for the submission of offers to sell sent to all shareholders of the Company.

In the case of a public purchase offer or a public call for the submission of offers to sell, it is possible that the number of shares in the Company offered by the shareholders can exceed the number of shares required by the Company. In this case, there must be an allocation based on quotas. In this connection there should be a possibility of preferential acceptance of smaller offers to sell or smaller portions of offers to sell up to a maximum of 100 shares. This possibility serves to avoid fractional amounts and small residual quantities in the determination of the quotas to be acquired and thus facilitates technical processing. De facto discrimination against small shareholders can also be avoided in this way. Moreover, the reapportioning may be conducted in accordance with the proportion of the offered shares (offer quotas) instead of according to participation quotas, since this allows for the acquisition process to be executed in an economically reasonable manner. Finally, it will be possible to provide for a rounding of shares according to commercial principles, in order to avoid fractional shares. In this respect, the acquisition quota and the number of shares to be acquired from individual offering shareholders can be rounded in such a manner as is necessary in order to facilitate, from a technical handling perspective, the acquisition of whole shares. The Managing Board considers such an exclusion of any more extensive statutory right of the shareholders to sell shares objectively justified and appropriate vis-à-vis the shareholders.

In addition to the acquisition via the stock exchange or by way of a public purchase offer sent to all shareholders or via a public call for the submission of offers to sell sent to all shareholders, the authorisation provides for the possibility of the acquisition taking place by means of Created Rights to Sell made available to the shareholders by the Company. These Created Rights to Sell will be such that the Company is only obliged to acquire whole shares. If this means that Created Rights to Sell cannot be exercised, they will lapse unless the Managing Board resolves that they can be traded. This procedure treats the shareholders equally and facilitates the technical processing of the share repurchase.

**Use of treasury shares**

The treasury shares acquired on the basis of the authorisation will be used by selling them via the stock exchange or in another suitable manner whilst ensuring the equal treatment of the shareholders or for any other purposes permitted by law. Shareholders' subscription rights can be excluded in the following cases:

The authorisation makes it possible for the Managing Board to sell treasury shares for cash, with the consent of the Supervisory Board, subject to the exclusion of subscription rights in analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act at a price that does not fall significantly below the stock exchange price (authorisation, letter c) aa)). This is to make it possible for the Managing Board to react quickly and flexibly to favourable market situations and to achieve better economic conditions by setting a price that is in line with market prices, as compared to the situation where subscription rights are granted. The proposed authorisation will therefore ensure that the Company has an adequate equity base in the long term. By having a placement price of the shares that is in line with the stock exchange price, the shareholders' interest in value-based protection against dilution is also taken into account and each shareholder is given the opportunity to acquire the shares necessary to maintain his shareholding on approximately the same conditions on the market.

The Managing Board is also to be authorised to sell the acquired shares, with the consent of the Supervisory Board, subject to the exclusion of subscription rights to third parties in return for non-cash consideration provided that this is done for the purpose of acquiring undertakings or for the other purposes referred to in letter c) bb) of the authorisation. This is to make it possible for the Managing Board to use the Company's shares as a means of payment and to react quickly and successfully to favourable offers or opportunities. The possibility of transferring shares in the cases covered by letter c) bb) of the authorisation, may – in contrast to paying in money – prove to be the more favourable form of financing for the Company as it does not weaken its liquidity position and is therefore also in the interest of the shareholders. The Managing Board will ensure that the interests of the shareholders remain protected by appropriately fixing the relation between the respective values. When determining the value of the granted shares provided in payment, the Managing Board will take the stock exchange price of the Company shares as a basis. However, there is no provision for the value to be rigidly tied to the stock exchange price, especially so as not to call into question – through fluctuations in the stock exchange price – results of negotiations that have been achieved.

Furthermore, the Company is also to be able to use treasury shares to fulfil or secure obligations arising from convertible or warrant bonds ("**Bonds**") issued by it or a Group company of the Company within the meaning of section 18 of the German Stock Corporation Act (authorisation, letter c) cc)). Even if there is sufficient conditional capital available for such Bonds, the terms and conditions of these Bonds usually provide that conversion obligations in particular can also be fulfilled through treasury shares. In such cases, shareholders' subscription rights must be excluded. This ensures even more flexible handling and makes it possible to prevent, by avoiding the issuing of additional shares, the dilution effect characteristic of a capital increase.

According to the detailed provisions in the authorisation resolution, when treasury shares are used by passing them on to third parties for cash (authorisation, letter c) aa)) or to fulfil the obligations arising for the Company from issued Bonds (authorisation, letter c) cc)), the authorisation to exclude subscription rights may only be used up to a maximum of 10% of the share capital. Since it is possible to issue shares and other securities subject to the exclusion of subscription rights in direct or analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act in other ways, too, and the multiple parallel utilisation of the 10% limit is to be excluded, the authorisation resolution provides in these cases that all shares issued in this way and all shares to be issued on the basis of such other securities be counted towards this cap.

Furthermore, it should be possible to use the treasury shares to implement a so-called scrip dividend (authorisation, letter c) dd)). Insofar as the exclusion of subscription rights within the meaning of section 186 para. 3 sentence 4 German Stock Corporation Act is required to implement a scrip dividend, the Managing Board is to be authorised in this regard to exclude the subscription rights of the shareholders in order to be able to implement a scrip dividend under optimal conditions. In the case of scrip dividends using treasury shares, shareholders are given the option of assigning to the Company their claim to the payment of the dividend based on the General Meeting's resolution on the appropriation of the profit in order to be able to receive treasury shares of the Company in return.

The implementation of a scrip dividend using treasury shares can take place as an offer sent to all shareholders, while preserving their subscription rights and with due observance of the principle of equal treatment of the shareholders (section 53a German Stock Corporation Act). The shareholders will only be offered whole shares for subscription in each case; shareholders will receive a cash dividend for that part of the dividend entitlement that falls short of (or exceeds) the subscription price for a whole share and cannot subscribe to shares in this regard; no provision has been made for offering partial rights nor for establishing any trading in subscription rights or fractions thereof. Since the shareholders will receive a pro rata cash dividend instead of subscribing to treasury shares, this appears to be justified and appropriate.

Depending on the capital market situation, it may in specific cases be in the interest of the Company and its shareholders to structure the implementation of a scrip dividend using treasury shares in such a manner that the Managing Board offers treasury shares for subscription to all shareholders who are entitled to dividends in return for the assignment of their dividend entitlement, with due observance of the general principle of equal treatment of the shareholders (section 53a German Stock Corporation Act), but with the formal exclusion of subscription rights in their entirety. The implementation of the scrip dividend with the formal exclusion of subscription rights will make it possible to carry out the scrip dividend under more flexible conditions. In view of the fact that the treasury shares will be offered to all the shareholders and excess partial dividend amounts will be settled by paying a cash dividend, the exclusion of subscription rights would appear to be justified and appropriate in this case, too.

Furthermore, it should be possible to offer treasury shares to members of the Managing Board of the Company, members of the managing board and management of affiliated companies as well as employees of the Company or its affiliated companies for acquisition or to promise and transfer such shares to them as a remuneration component (authorisation, letter c) ff)). The shares may also be transferred to the entitled persons after termination of the board membership or employment relationship.

The Managing Board will make use of this option only with the consent of the Supervisory Board. Insofar as treasury shares are offered or promised as well as transferred to members of the Managing Board of the Company, the authorisation will apply to the Supervisory Board.

Based on the current legal situation, neither shares from authorised capital nor treasury shares acquired pursuant to section 71 para. 1 no. 2 of the German Stock Corporation Act can be used without restriction to grant shares to members of the Managing Board. Section 71 para. 1 no. 2 of the German Stock Corporation Act in particular only concerns the granting of shares to employees, and not to members of executive bodies who have a service agreement. This notwithstanding, it may be in the interest of the Company to also acquire shares to be granted to employees on the basis of a repurchase authorisation within the meaning of section 71 para. 1 no. 8 of the German Stock Corporation Act. This is because both the use of authorised capital and acquisition pursuant to section 71 para. 1 no. 2 of the German Stock Corporation Act are subject to restrictions that limit the Company's flexibility; in the case of the issue of new shares from authorised capital, there is also the dilution effect associated with a capital increase with the exclusion of subscription rights. In addition to a direct transfer of the shares by the Company, it should also be possible for acquired shares to initially be transferred to a credit institution which takes over the shares subject to the obligation to transfer them exclusively to members of the Managing Board of the Company, members of the managing board and management of affiliated companies as well as employees of the Company or affiliated companies. This procedure may facilitate processing.

According to the authorisation, it should be possible for the Company to redeem treasury shares without a new resolution of the General Meeting as well (authorisation, letter c) ee)). This authorisation makes it possible to reduce the capital by redeeming shares or to reduce the number of no-par value shares with the share capital remaining the same.

In addition, the Managing Board is authorised, with the consent of the Supervisory Board, to exclude subscription rights in order to grant the bearers or creditors of conversion/option rights in respect of shares of the Company or corresponding conversion/option obligations in order to compensate for dilution subscription rights to the extent they would be entitled to after the exercise of these rights or after the fulfilment of these obligations. Finally, subscription rights for fractional amounts may be excluded to facilitate processing in the case of an offer to purchase treasury shares sent to all shareholders.

The Managing Board will use its due and proper discretion when deciding on the utilisation of the proposed authorisation and the use of the acquired treasury shares and will obtain the consent of the Supervisory Board where necessary. The Managing Board will report to the General Meeting as required.

Heidelberg, March 2025

Heidelberg Materials AG

The Managing Board

| | |
|---|---|
| (Dr. Dominik von Achten)<br>Chairman of the Managing Board | (René Aldach)<br>Chief Financial Officer |