Annex to agenda item 11

Report of the Managing Board to the Annual General Meeting on the authorisation to acquire treasury shares using derivatives

In addition to the possibilities for acquiring treasury shares provided for in agenda item 10, the use of equity derivatives is also to be permitted. Such a possibility has meanwhile become widespread in practice. It may be advantageous for the Company to sell put options or acquire call options instead of directly acquiring shares in the Company. Moreover, it can be beneficial to acquire shares by means of forward purchases. However, this possibility of put and call options as well as forward purchases or the use of a combination of these instruments (collectively "**Derivatives**") only supplements the authorisation proposed in agenda item 10. This does not entail any widening of the scope of the overall repurchase volume.

When it sells a put option, the Company grants the acquirer the right to sell shares in the Company to the Company during the agreed period at a price specified in the put option (exercise price). In return, the Company receives an option premium corresponding to the value of the right to sell, taking into account the exercise price, the term of the option and the volatility of the Company share. If the put option is exercised, the option premium paid by the purchaser of the put option reduces the total consideration paid by the Company for the acquisition of the share. Exercising the put option generally makes economic sense for the option holder if the price of the Company share at the time of exercise is lower than the exercise price, because it would then be possible to sell the shares at the higher exercise price. The advantage of using put options to repurchase shares from the Company's perspective is that the exercise price is established as soon as the option transaction is concluded but the liquidity is not lost until the exercise date. Moreover, the acquisition price of the shares for the Company, taking into account the option premium received, is always lower than the share price at the time the option transaction was concluded. If the option holder chooses not to exercise the option because the share price on the exercise date is higher than the exercise price, the Company cannot acquire treasury shares by this means but does retain the option premium received.

When it acquires a call option, the Company pays an option premium in exchange for the right to purchase a predefined number of shares during the agreed period at a predefined price (exercise price) from the seller of the option. It makes economic sense for the Company to exercise the call option if the price of the Company share is higher than the exercise price, as it enables the Company to purchase the shares from the option writer at a lower exercise price. Call options thus enable the Company to hedge against the risk of having to purchase treasury shares at higher prices. They also help to preserve the Company's liquidity, as the defined acquisition price for the shares does not have to be paid until the call option is exercised.

In the case of forward purchases, the Company agrees with the forward seller to purchase the shares at a specific date in the future at a forward price determined when the forward purchase is concluded. If the date is reached, the Company pays the forward seller the forward price and the forward seller delivers the shares in return. The conclusion of forward sales can be useful for the Company if it wishes to secure a need for treasury shares at a certain price level on a forward basis. Unlike an option transaction, a forward purchase creates obligations for both parties at the time of conclusion, the fulfilment of which is merely postponed.

The term of the Derivatives must expire by no later than 14 May 2030 and must be defined such that the acquisition of the Company shares on exercise or satisfaction of the Derivatives cannot be effected after 14 May 2030. The authorisation is thus intended to make full use of the five-year period permitted by law, but with the restriction that the term of the individual Derivatives may not exceed 18 months in each case. This ensures that there is an appropriate time limit on obligations arising from the individual derivative transactions. All share purchases using Derivatives are restricted to a share volume of a maximum of 5% of the share capital at the time the Annual General Meeting adopts the resolution on this authorisation or – if such amount is lower – at the time this authorisation is utilised. The repurchase of treasury shares with the aid of Derivatives must also be counted towards the threshold stipulated for the general repurchase authorisation in agenda item 10; a repurchase of treasury shares above the 10% threshold stipulated by law is therefore excluded.

The derivative transaction must be concluded with a credit institution or via the stock exchange. This ensures that obligations under the Derivatives are met only using shares that have been acquired previously – in compliance with the principle of equal treatment – at the current price of the share in the Xetra trading system at the Frankfurt stock exchange (or comparable successor system) at the time of acquisition.

The purchase price for a Company share which is to be paid upon the exercise of put or call options, or the forward price to be paid for a Company share upon fulfilment of the forward purchase can be higher or lower than the listed price of the share upon sale of the put option, or acquisition of the call option or conclusion of the forward purchase, as the case may be. The purchase price (without ancillary acquisition costs) must not exceed or fall below the weighted average closing price of the Company shares of the same type in Xetra trading at the Frankfurt stock exchange (or a functionally comparable successor system) in the last three trading days prior to conclusion of that option or forward purchase transaction by more than 10%. The option premium agreed by the Company may not be significantly lower in the case of put options, or significantly higher in the case of call options than the theoretical market value of the respective options on the trade date as determined in accordance with recognised methods of financial mathematics, in the determination of which, among other things, the agreed exercise price must be taken into account.

The terms and conditions of the Derivatives must ensure that the shares to be delivered to the Company upon exercise or fulfilment of the Derivatives have previously been acquired in compliance with the principle of equal treatment of the shareholders (section 53a of the German Stock Corporation Act).

The described determination of the option premium and purchase price as well as the obligation to service options and forward purchases only with shares that were acquired in compliance with the principle of equal treatment, precludes shareholders from being placed at an economic disadvantage when the Company acquires treasury shares using Derivatives. Since the Company receives or pays a fair market price, shareholders not participating in the Derivatives do not suffer any disadvantage in terms of value. This corresponds to the position of the shareholders in the case of share buybacks via the stock exchange, where not all shareholders can sell shares to the Company. The specifications for the structure of the options and forward purchases and the requirements for the shares to be delivered ensure that the principle of equal treatment of shareholders is also observed in this method of acquisition.

For this reason, it is justified that a claim by shareholders to conclude the aforementioned derivative transactions with the Company is excluded in analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act. As a result of the exclusion of this right, the Company – in contrast to an offer to conclude derivative transactions to all shareholders – is in a position to conclude derivative transactions at short notice. This gives the Company the flexibility it needs to respond swiftly to market developments.

When acquiring treasury shares using Derivatives, shareholders are only to be entitled to tender their shares to the extent that the Company is obliged to purchase the shares from the Derivatives. Otherwise, the use of Derivatives in connection with the repurchase of treasury shares would not be possible, and the associated benefits for the Company would not be achievable. Having weighed up the interests of the shareholders and the Company, the Managing Board considers the restriction of the right to offer shares to be justified in view of the advantages resulting for the Company from the use of Derivatives.

The Managing Board will at the subsequent Annual General Meeting also report pursuant to section 71 para. 3 of the German Stock Corporation Act on any decisions to employ the repurchase authorisation allowing the use of Derivatives as well as on the detailed circumstances of an acquisition.

Heidelberg, March 2025

Heidelberg Materials AG

The Managing Board

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(Dr. Dominik von Achten)
Chairman of the Managing Board

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(René Aldach)
Chief Financial Officer