HEIDELBERGCEMENT

Report on the

Annual Financial Statements 2021

of HeidelbergCement AG

MATERIAL
TO BUILD OUR FUTURE

HeidelbergCement AG – Financial highlights

Figures in €m	2020	2021
Number of employees as at 31 December	2,160	**2,166**
Revenue		
Cement	680	**720**
Services	192	**217**
Total revenue	872	**937**
Operating result	14	**13**
Profit/Loss of the financial year	-86	**392**
Dividend per share in €	2.20	**2.40**[1]
Investments in intangible assets and property, plant and equipment	76	**91**
Amortisation and depreciation	48	**50**
Intangible assets and property, plant and equipment	701	**741**
Financial assets	22,541	**22,419**
Current assets	3,253	**4,254**
Prepaid expenses	27	**22**
Equity	12,180	**11,785**
Provisions	800	**855**
Liabilities	13,543	**14,796**
Deferred income	0	**0**
Balance sheet total	26,522	**27,436**

1) The Managing Board and Supervisory Board will propose to the Annual General Meeting on 12 May 2022 the distribution of a cash dividend of €2.40.

Annual financial statements 2021 of HeidelbergCement AG

In accordance with section 315 (5) of the German Commercial Code (HGB), the management report of HeidelbergCement AG has been combined with that of HeidelbergCement Group, as the business trend, economic position, and future opportunities and risks of the parent company are closely linked with the Group on account of their common activity in the building materials business.

The combined management report of HeidelbergCement Group and HeidelbergCement AG can be found in the Group's Annual Report 2021.

The list of shareholdings in accordance with section 285 no. 11 of the German Commercial Code (HGB) can also be found in the notes of the Group's Annual Report 2021.

The annual financial statements and the combined management report of HeidelbergCement AG and the Group for the 2021 financial year will be published in the Federal Gazette.

Due to rounding, numbers presented in the annual financial statements may not add up precisely to the totals provided.

Income statement
for the period from 1 January to 31 December2021

€'000s	Notes	2020	2021
Revenue	1	872,030	**936,901**
Change in finished goods and work in progress		-1,176	**7,642**
Own work capitalised		2,154	**2,105**
Total overall performance		873,008	**946,648**
Other operating income	2	14,725	**18,464**
Material costs	3	-294,468	**-387,336**
Employee and personnel costs	4	-265,233	**-276,692**
Amortization and depreciation of intangible assets and poperty, plant and equipment	5	-48,398	**-49,683**
Other operating expenses	6	-265,653	**-238,592**
Operating result		13,981	**12,809**
Income from profit transfer agreements	7	0	**607,095**
Income from investments	8	48,692	**50,128**
Income from long-term loans		47,501	**31,566**
Other interest and similar income	9	127,117	**97,612**
Income from currency translation	12	957,841	**698,443**
Write-ups on financial assets		0	**4,059**
Impairment on financial assets	10	0	**-144,101**
Losses assumed under profit transfer agreements	7	-517	**0**
Interest and similar expenses	11	-260,311	**-206,080**
Expenses from currency translation	12	-971,195	**-722,809**
Taxes on income	13	-48,062	**-35,957**
Profit after tax		-84,953	**392,765**
Other taxes		-896	**-1,055**
Profit/Loss of the financial year		-85,849	**391,710**
Profit brought forward		326,176	**3,811**
Withdrawals from other revenue reserves		200,000	**100,000**
Balance sheet profit		440,327	**495,521**

Balance sheet as of 31 December 2021

Assets			
€'000s	Notes	31 Dec. 2020	31 Dec. 2021
Fixed assets	14		
Intangible assets	15		
Acquired concessions, industrial property rights, similar rights and assets, and licences thereunder		30,531	**28,533**
Goodwill		1,151	**1,007**
Prepayments		3,789	**3,292**
		35,471	**32,832**
Property, plant and equipment	15		
Land, land rights and buildings		308,655	**312,117**
Plant and machinery		304,416	**300,680**
Other equipment, plant and office equipment		30,055	**35,337**
Prepayments and assets under construction		22,547	**59,541**
		665,673	**707,675**
Financial assets	16		
Investments in subsidiaries	17	21,085,603	**21,081,552**
Loans to subsidiaries	18	1,106,095	**1,128,482**
Investments in participations	19	347,763	**207,764**
Loans to participations	20	1,386	**1,311**
Other loans	21	0	**0**
		22,540,847	**22,419,109**
		23,241,991	**23,159,616**
Current assets			
Inventories	22		
Raw materials and consumables		30,076	**35,929**
Work in progress		20,610	**25,467**
Finished goods and goods for resale		13,029	**16,088**
Prepayments		100	**100**
Emission rights		26,041	**94,550**
		89,856	**172,134**
Receivables and other assets	23		
Trade receivables		6,927	**8,684**
Receivables from subsidiaries		1,892,333	**2,468,262**
Receivables from other participations		2,421	**2,134**
Other assets		29,493	**76,130**
		1,931,174	**2,555,210**
Cash at bank and in hand	24	1,232,080	**1,526,796**
		3,253,110	**4,254,140**
Prepaid expenses	25	27,385	**21,819**
Balance sheet total		26,522,486	**27,435,575**

Equity and Liabilities			
€'000s	Notes	31 Dec. 2020	31 Dec. 2021
Equity			
Subscribed share capital	26	595,249	**595,249**
Treasury shares	26	0	**-15,974**
Share premium	27	6,143,943	**6,143,943**
Other revenue reserves	28	5,000,000	**4,566,281**
Balance sheet profit		440,327	**495,521**
		12,179,519	**11,785,020**
Provisions			
Provisions for pensions	29	311,022	**344,258**
Tax provisions	30	264,212	**288,085**
Other provisions	31	224,279	**222,263**
		799,513	**854,606**
Liabilities	32		
Bonds payable		2,750,000	**1,750,000**
Bank loans		733,272	**682,609**
Trade payables		70,712	**103,893**
Liabilities to subsidiaries		9,902,059	**12,199,566**
Liabilities to other participations		2,466	**1,098**
Other liabilities		84,751	**58,355**
		13,543,260	**14,795,521**
Deferred income	33	194	**428**
Balance sheet total		26,522,486	**27,435,575**

Statement of changes in fixed assets / Notes for the 2021 financial year

Statement of changes in fixed assets	Acquisition and production cost			
€'000s	1 Jan. 2021	Additons	Disposals	Transfer
Intangible assets				
Concessions, trademarks and similar rights and assets	114,023	5,274	3,684	6,003
Goodwill	70,251	0	0	0
Prepayments	3,789	2,623	0	-3,120
	188,063	**7,897**	**3,684**	**2,883**
Property, plant and equipment				
Land, land rights and buildings	800,392	9,871	4,688	7,031
Plant and machinery	877,071	9,005	2,106	-1,013
Other equipment, furniture and fixtures	127,100	12,220	16,277	5,660
Prepayments and assets under construction	22,547	51,555		-14,561
	1,827,110	**82,651**	**23,071**	**-2,883**
Financial assets				
Investments in subsidiaries	21,087,694		4,609	
Loans to subsidiaries	1,110,051	125,315	102,928	
Investments in participations	350,276	600		
Loans to participations	1,386		75	
Other loans	3,376			
	22,552,783	**125,915**	**107,612**	**0**
Fixed assets	**24,567,956**	**216,463**	**134,367**	**0**

1) Write-up €'000s 1,626
2) Write-up €'000s 2,434

	Accumulated drepreciation and impairment					Carrying amount	
31 Dec. 2021	1 Jan. 2021	Additons	Disposals	Transfer	31 Dec. 2021	31 Dec. 2021	31 Dec. 2020
121,616	83,492	13,254	3,663	0	93,083	28,533	30,531
70,251	69,100	144	0	0	69,244	1,007	1,151
3,292	0	0	0	0	0	3,292	3,789
195,159	**152,592**	**13,398**	**3,663**	**0**	**162,327**	**32,832**	**35,471**
812,606	491,737	12,409	3,993	336	500,489	312,117	308,655
882,957	572,655	15,298	1,833	-3,843	582,277	300,680	304,416
128,703	97,045	8,578	15,764	3,507	93,366	35,337	30,055
59,541	0	0	0	0	0	59,541	22,547
1,883,807	**1,161,437**	**36,285**	**21,590**	**0**	**1,176,132**	**707,675**	**665,673**
21,083,085	2,091	1,068	1,626 [1]	0	1,533	21,081,552	21,085,603
1,132,438	3,956	0	0	0	3,956	1,128,482	1,106,095
350,876	2,513	143,033	2,434 [2]	0	143,112	207,764	347,763
1,311	0	0	0	0	0	1,311	1,386
3,376	3,376	0	0	0	3,376	0	0
22,571,086	**11,936**	**144,101**	**4,060**	**0**	**151,977**	**22,419,109**	**22,540,847**
24,650,052	**1,325,965**	**193,784**	**29,313**	**0**	**1,490,436**	**23,159,616**	**23,241,991**

Notes for the 2021 financial year

HeidelbergCement AG has its registered office in Heidelberg, Germany. The company is listed in the register of the Mannheim Local Court (Amtsgericht) under HRB number 330082. HeidelbergCement AG is a large corporation within the meaning of section 267 of the German Commercial Code (Handelsgesetzbuch, HGB).

The 2021 financial statements of HeidelbergCement AG, which have been prepared in compliance with the HGB, the German Stock Corporation Act (Aktiengesetz, AktG), and the Articles of Association are explained below.

In the interest of better clarity and transparency, the remarks to be made in accordance with the statutory provisions for the items of the balance sheet and income statement on their face as well as the remarks to be made either in the balance sheet or income statement or in the Notes are listed in the Notes. The income statement classifies expenses according to their nature. The financial year is the calendar year.

To improve the presentation in the balance sheet, the income statement, and the statement of changes in fixed assets, figures are shown in thousands of euros. In the Notes and the Management Report, the figures are provided in millions of euros.

The balance sheet structure defined by the HGB has been extended on the assets side under inventories to include the item "emission rights". The "income from currency translation", "write-ups on financial assets", and "expenses from currency translation" are shown as separate items in the income statement. The structure of the income statement is extended to include the voluntary subtotals "total overall performance" and "operating result" for improved clarity. In addition, the sub-items of material costs and employee and personnel costs are summarised in the income statement and shown separately in the Notes. The structure of the income statement has been expanded to include the two items "Income from profit transfer agreements" and "Losses assumed under profit transfer agreements" pursuant to Section 277(3)(2) of the German Commercial Code (Handelsgesetzbuch, HGB).

Currency translation

Financial assets, receivables, and liabilities, as well as contingent liabilities in foreign currency, are valued at the average spot exchange rate effective as at the reporting date – unless included in valuation units. The realisation and imparity principle is applied where the remaining term exceeds one year.

Accounting and valuation methods

The accounting and valuation methods used in the preparation of the annual financial statements remained largely unchanged in comparison with the previous year.

The financial statements are prepared on the assumption that the company will continue to operate for the foreseeable future. Therefore, the going concern assumption was used for the valuation.

Notes to the income statement

1 Revenue

Revenue developement by business line

€m	2020	**2021**
Cement	680	**720**
Services	192	**217**
Total	872	**937**

Revenue developement by market

€m	2020	**2021**
Domestic	645	**666**
International	227	**271**
Total	872	**937**

Total revenue of HeidelbergCement AG grew by €65 million to €937 million (previous year: 872), 7.4 % above the previous year.

Revenue of the cement business line rose by 5.9 % to €720 million (previous year: 680).This increase is primarily due to the good development of construction activity during the reporting year. A further increase was also recorded in proceeds from services provided, which amounted to €217 million (previous year: 192) as a result of the continued centralisation of Group functions, expansion in the range of services offered, and usual price increases.

The foreign revenue is mainly accounted for by intra-Group services.

The revenue of the cement business line includes, in particular, the sale of cement, but also proceeds from the sale of clinker and special binders, as well as proceeds from production-related fringe benefits.

The revenue of the services business line includes, in particular, proceeds from intra-Group charges for IT, administrative, and other services, as well as intra-Group license fees and, to a lesser extent, proceeds from leasing.

2 Other operating income

Other operating income

€m	2020	2021
Income from disposal of property, plant and equipment	0.7	**5.7**
Non-period income	10.0	**6.2**
Other	4.0	**6.6**
Total	14.7	**18.5**

The non-period income of €6.2 million (previous year: 10.0) includes, among other things, income from intra-Group service charges and from the reversal of liabilities in the previous year.

3 Material costs

The expenses for raw materials and consumables mainly include fuel and electricity costs, as well as expenses for the use of emission allowances. Owing to their increased importance, the expense for emission allowances from the reporting year is shown in material costs. In the previous year, it was recognised in other operating expenses.

Material costs

€m	2020	2021
Cost of raw materials and consumables	186.1	**277.4**
Cost of goods for resale	36.7	**32.3**
Cost of logistics	71.7	**77.6**
Total	294.5	**387.3**

4 Employee and personnel costs

Employees

	2020	2021
White-collar employees	1,290	**1,309**
Blue-collar employees	764	**762**
Apprentices	106	**95**
Total	2,160	**2,166**

Personnel costs		
€m	2020	2021
Wages, salaries	238.0	**229.8**
Social security costs	26.3	**27.1**
Expenses for retirement benefits	0.0	**19.6**
Other personnel costs	0.9	**0.2**
Total	265.2	**276.7**

Expenditure on wages, salaries, and social security costs decreased by €7.4 million to €256.9 million due to the addition to personnel-related provisions in the previous year in connection with restructuring measures. The change in expenses for retirement benefits is essentially attributable to the offsetting effects of the determination of the "pension increase rate" valuation parameter in the pension provisions (2021: 1.75 % p.a.; 2020: 1.5 % p.a.; 2019: 1.75 % p.a.).

5 Amortisation and depreciation of intangible assets and property, plant and equipment

Amortisation and depreciation of intangible assets and property, plant and equipment		
€m	2020	2021
Depreciation and amortisation	42.5	**49.7**
Extraordinary depreciation	5.9	**0.0**
Total	48.4	**49.7**

The increase in depreciation and amortisation is due to the modernisation measures completed in the previous year as well as the first full-year depreciation of the new headquarters following its completion in the previous year.

6 Other operating expenses

Other operating expenses		
€m	2020	2021
Plant expenses	78.4	**46.5**
Administrative expenses	161.5	**165.7**
Sales-, marketing and distribution expenses	19.6	**20.5**
Other expenses	6.2	**5.9**
Total	265.7	**238.6**

Other operating expenses include non-period expenses of €6.1 million (previous year: 13.5). These are mainly attributable to additional charges from previous years. Moreover, the addition of 1/15 of the transitional balance from the switch to the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG) in 2010 to the pension provisions, totalling €3.9 million (previous year: 3.9), is shown in other expenses.

Plant expenses include, among other things, expenses for repairs and maintenance, recultivation, cleaning, and other external services.

Administrative expenses include, among others, expenses for intra-Group administrative services, hardware and software maintenance, IT services, rental and leasing expenses, and audit and consulting expenses.

The sales, marketing, and distribution expenses include, among other things, marketing costs as well as transport and storage costs.

7 Income from profit transfer agreements and losses assumed under profit transfer agreements

A profit of €607.1 million (previous year: loss of 0.5) was absorbed in the financial year on the basis of a profit and loss transfer agreement with HeidelbergCement International Holding GmbH, Heidelberg, Germany.

8 Income from investments

Income from investments		
€m	2020	2021
Income from subsidiaries	44.2	**43.2**
Income from participations	4.5	**6.9**
Total	48.7	**50.1**

Most of the income from subsidiaries concerns distributions of HCT Holding Malta Limited, Malta, and HeidelbergCement Grundstücksgesellschaft mbH & Co. KG, Heidelberg, Germany.

The income from participations relates in particular to distributions from Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH, Rohrdorf, Germany, and Akçansa Çimento Sanayi ve Ticaret A.S., Turkey.

9 Other interest and similar income

Other interest and similar income essentially contains interest income from the lending of short-term loans and income from surety and guarantee fees to subsidiaries, as well as income from interest rate and foreign exchange swaps.

10 Impairment on financial assets

The valuation allowances for financial assets in the reporting year amounted to €142.7 million and were primarily attributable to the participation in Akçansa Çimento Sanayi ve Ticaret A.S., Turkey.

11 Interest and similar expenses

The item includes an early repayment penalty of €31.5 million for the early repayment of a €1 billion bond. The compounding costs amount to a total of €31.4 million (previous year: 32.7) and primarily include the expenditure on the interest component from the change in pension provisions of €9.2 million (previous year: 10.5), the expenditure on the change in the interest rate for discounting pension provisions from 2.31 % to 1.87 % of €27.4 million (previous year: 23.6), and income from the plan assets of €5.5 million (previous year: 2.7). In addition, the interest component from the compounding of the provision for recultivation of €0.3 million (previous year: 0.3) is included.

7 - 11 Expenses and income from subsidiaries included in result from participations and financial result

The expenses and income from subsidiaries included in items 7 to 11 of the income statement are made up as follows:

Income and expenses from subsidiaries		
€m	2020	2021
Result from subsidiaries and profit and loss transfer agreements	43.7	**650.3**
Income from long-term loans	47.5	**31.6**
Other interest and similar income	77.2	**47.7**
Write-ups on financial assets	0.0	**1.6**
Impairment on financial assets	0.0	**1.1**
Interest and similar expenses	52.9	**27.0**

12 Foreign exchange gains and losses

Foreign exchange gains and losses relate almost exclusively to Group-wide financing measures of the subsidiaries and are therefore shown in the financial result.

Foreign exchange gains and losses		
€m	2020	2021
Foreign exchange gains	957.8	**698.4**
Foreign exchange losses	-971.2	**-722.8**
Total	-13.4	**-24.4**

13 Taxes on income

In addition to taxes for the current financial year, the income tax expense results primarily from expenditure for previous years (€27.3 million) connected with the tax audit for open assessment periods from 2005 onwards.

Deferred taxes are determined for timing differences between the statutory and tax valuation of fixed assets, liabilities, and prepaid expenses. Where applicable, tax losses carried forward are also taken into account. The calculation of deferred taxes is based on the combined income tax rate, which is 29.70 % (previous year: 29.70 %) for HeidelbergCement AG in the reporting year. This rate is composed of corporation tax, solidarity surcharge, and trade tax.

Deferred tax liabilities are predominantly due to different valuations of fixed assets. Deferred tax assets arise from higher obligations for pension obligations and provisions for partial retirement and anniversary benefits in the financial statements prepared under the HGB. In addition, deferred tax assets result from non-tax-deductible provisions for anticipated losses and from higher valuations of inventories in the tax accounts. Overall, the deferred tax liabilities are offset by deferred tax assets. As permitted by the option in section 274(1)(2) of the HGB, the excess deferred tax assets are not recognised in the balance sheet.

Notes to the balance sheet

14 Fixed assets

Total fixed assets decreased by €82.4 million to €23,159.6 million (previous year: 23,242.0). The development of fixed assets is shown on page 8f.

15 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are valued at acquisition or production cost less amortisation and depreciation and any extraordinary write-downs. Production cost includes direct cost of materials, direct labour, and an appropriate portion of necessary materials and production overheads including production-related depreciation. The useful lives on which the depreciation routine is based are the result of years of experience and were adjusted most recently for facilities commissioned after 1 July 2017. Depreciation is applied on the basis of the following useful lives:

Useful lives

	Years
Industrial property rights, similar rights and assets, and licences thereunder	5 to 10
Buildings	10 to 30
Technical equipment and machinery	25
Plant and office equipment	5 to 15
IT hardware	5

Exploitation rights are amortised according to the reduction in substance. The goodwill arising from accretions and mergers is mainly due to the acquisition of customer bases, which are amortised over the average customer retention period of between 10 and 15 years.

The option to capitalise development costs is not used for internally generated intangible fixed assets. Expenses incurred in this respect are recognised immediately in profit or loss.

Since 1 January 2008, additions have been depreciated on a straight-line basis. Wherever possible, the declining balance depreciation method is used for assets purchased prior to 1 January 2008. The transition to straight-line depreciation takes place in the year in which the straight-line method leads to higher annual depreciation for the first time.

Since 2018, acquired low-value assets with an acquisition cost of less than €800.00 have been written off immediately. Prepayments are reported at their nominal amount.

16 Financial assets

Of the financial assets, investments in subsidiaries and investments in participations are recognised at the lower of cost or market. Impairment that is expected to be permanent is provided for by extraordinary write-downs. Loans are valued at their nominal amount less valuation allowances.

17 Investments in subsidiaries

The shares in HeidelbergCement Logistik GmbH, Polch, Germany, decreased by €4.6 million as a result of a payment from the reserve accounts. Subsequently, the 70 % share held by HeidelbergCement AG was transferred to Heidelberger Beton GmbH by way of a contribution in kind at the carrying amount of €1.2 million. The carrying amount of the investment in Heidelberger Beton GmbH, Heidelberg, Germany, has increased accordingly. A reversal of impairment loss of €1.6 million was recognised on the shares in HeidelbergCement Shared Services GmbH, Leimen, Germany. The shares in Betotech Baustofflabor GmbH, Heidelberg, Germany, were fully impaired in the amount of €1.1 million.

18 Loans to subsidiaries

In the financial year, €125.3 million was granted in new loans. These mainly related to the loan of €118.6 million granted to Suez Cement Company S.A.E., Egypt. Disposals totalled €102.9 million.

19 Investments in participations

The main investments in participations are held in Akçansa Çimento Sanayi ve Ticaret A.S., Turkey; Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH, Rohrdorf, Germany; and Kronimus AG, Iffezheim, Germany. Significant changes relate to the carrying amount of the investment in Akçansa Çimento Sanayi ve Ticaret A.S., Turkey, which was reduced by a valuation allowance of €142.7 million due to permanent impairment. In addition, there was a reversal of an impairment loss on the shareholding in Kronimus AG, Iffezheim, Germany, amounting to €2.4 million, while another participation was impaired in the amount of €0.3 million.

20 Loans to participations

As at the end of 2021, the carrying amount of the loans to participations amounted to €1.3 million.

21 Other loans

A short-term loan was granted to Across Bridges Trading and Contracting Company Ltd, Saudi Arabia, in 2017 as part of the sale of International City for Concrete Ltd, Saudi Arabia. Since the debtor is still significantly in arrears with repayment, the loan remains 100 % impaired.

22 Inventories

Inventories are stated at the lower of cost or market.

Raw materials and consumables were generally measured using the periodic LIFO method. This approach did not lead to any major differences compared with the last known market price. Spare parts are valued using the weighted average cost method.

Finished goods and work in progress are valued at cost on the basis of individual product costing derived from the current cost accounting. In addition to the direct cost of materials, direct labour, and other special direct costs, the cost includes an adequate share of production and material overheads, depreciation, and general administration costs. Borrowing costs are not included in the cost. Goods purchased for resale are recognised at the lower of cost or market.

Adequate allowances provide for all identifiable inventory valuation risks resulting from slow-moving goods, reduced usability, and lower replacement costs.

Emission rights granted free of charge are initially measured at a nominal value of zero. Emission rights acquired for consideration are accounted for at cost and are subject to write-down in the event of impairment.

23 Receivables and other assets

Receivables and other assets were stated at their nominal value. Valuation allowances provide for identifiable individual risks.

The general credit risk of all of the receivables is covered by adequate general loss allowances (6 %).

The receivables from subsidiaries mainly concern current financial receivables (€2,293.5 million) and trade receivables (€174.8 million).

As in the previous year, trade receivables, receivables from subsidiaries, and receivables from other participations have a remaining term of less than one year.

Other assets essentially include interest receivables, a reserve account for the non-payment of pre-financed receivables, and receivables from tax refund claims; of these, €15.0 million was legally incurred after the reporting date. Other assets with a term of more than one year amount to €0.1 million (previous year: 0.1).

24 Cash at bank and in hand

The cash at bank and in hand is reported at nominal amount.

25 Prepaid expenses

Expenses prior to the reporting date are shown as prepaid expenses if they represent expenses for a certain time after this date.

The balance sheet item mainly contains accruals of expenses from the drawing of credit lines, which are accrued over the term and amortised through profit or loss. The balance as at the year end totalled €21.8 million (previous year: 27.4), of which €14.9 million (previous year: 21.5) relates to debt discounts.

26 Subscribed share capital and shares

Subscribed share capital and shares

€ '000s	Subscribed share capital	Number of shares
1 January 2021	595,249	198,416,477
31 December 2021	**595,249**	**198,416,477**

As at the reporting date of 31 December 2021, the subscribed share capital amounts to €595,249,431. It is divided into 198,416,477 shares; the shares are no-par value bearer shares. The pro rata amount of each share is €3.00, which corresponds to a proportionate amount of the subscribed share capital.

Authorised Capital

The Annual General Meeting held on 4 June 2020 authorised the Managing Board, with the consent of the Supervisory Board, to increase the company's subscribed share capital by a total amount of up to €178,500,000 by issuing new no-par value bearer shares in total in return for cash contributions and/or contributions in kind on one or more occasions in partial amounts until 3 June 2025 (Authorised Capital 2020). The shareholders must be granted subscription rights. However, the Managing Board is authorised by the Articles of Association, in certain cases described in more detail in the authorisation, to exclude the subscription rights of shareholders – i.e. in the event of a capital increase for cash in order to realise residual amounts, to service option or conversion rights, or to issue shares totalling up to 10 % of the share capital at a near-market price; or in the event of a capital increase in return for contributions in kind for the purpose of acquiring companies or within the scope of implementing a dividend in kind/dividend option. As at 31 December 2021, the authorisation to issue new shares in return for cash contributions and/or contributions in kind forming the basis of the Authorised Capital 2020 had not been used.

Conditional share capital

In addition, the conditional share capital described below existed as at 31 December 2021: The Annual General Meeting of 9 May 2018 decided to conditionally increase the subscribed share capital by a further amount of up to €118,800,000, divided into up to 39,600,000 new no-par value bearer shares (Conditional Share Capital 2018). The conditional capital increase serves to back the issuance of option or conversion rights, or option or conversion obligations on HeidelbergCement shares. The conditional capital increase is only carried out insofar as the Managing Board issues warrant or convertible bonds under the authorisation until 8 May 2023 and the bearers of option or conversion rights make use of their rights. Warrant or convertible bonds may also be issued with option or conversion obligations. The shareholders generally have a subscription right to newly issued warrant or convertible bonds. The authorisation governs specific cases in which the Managing Board may exclude the subscription right of shareholders to warrant or convertible bonds. As at 31 December 2021, the authorisation to issue warrant or convertible bonds forming the basis of the Conditional Share Capital 2018 had not been used.

A corresponding volume limit as well as the deduction clauses ensure that the sum of all exclusions of subscription rights in the Authorised Capital 2020 and the Conditional Share Capital 2018 will not exceed a limit of 10 % of the share capital existing at the time the authorisation to exclude the subscription right comes into force.

Authorisation to acquire treasury shares

Furthermore, the authorisation to acquire treasury shares described below existed as at 31 December 2021. On 6 May 2021, the Annual General Meeting authorised the company to acquire treasury shares up to 5 May 2026 once or several times, in whole or partial amounts, up to a total of 10 % of the share capital at the time of the Annual General Meeting's resolution for any permissible purpose within the scope of the legal restrictions. The authorisation may not be used for the purpose of trading in treasury shares. At no time may more than 10 % of the respective share capital be attributable to the acquired treasury shares combined with other shares which the company has already acquired and still possesses. The shares may be acquired via the stock exchange or by way of a public purchase offer or by means of a public call for the submission of offers to sell or by issuing rights to sell shares to the shareholders. 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 while ensuring the equal treatment of the shareholders, or for any other purposes permitted by law. The Managing Board is authorised to cancel the acquired treasury shares without further resolution of the Annual General Meeting. The cancellation may also be effected without a capital decrease by adjusting the proportional amount of the remaining no-par value shares in the company's subscribed share capital. In both cases, the Managing Board is authorised to adjust the number of no-par value shares in the Articles of Association. Shareholders' subscription rights can be excluded in certain cases.

On 28 July 2021, HeidelbergCement announced that it would make use of this authorisation to launch a share buyback programme in August 2021 with a total volume of up to €1 billion (excluding incidental acquisition costs) and a maturity date of 30 September 2023. The share buyback will be carried out in various tranches via the stock exchange. The share buyback programme emphazises HeidelbergCement's increased focus on shareholder return. HeidelbergCement started the share buyback on 10 August 2021 with a first tranche in a planned volume of €300 to €350 million. A total of 5,324,577 shares were acquired by the completion of the first tranche on 2 December 2021. This corresponds to a nominal amount of €15,973,731 or 2.68 % of the company's subscribed share capital. The average purchase price per share paid on the stock exchange was €65.68. The total price (excluding incidental acquisition costs) of the repurchased shares amounted to around €349.7 million. The share buyback was effected in the above-mentioned period on 83 trading days by a bank commissioned by HeidelbergCement exclusively via the Xetra trading of the Frankfurt Stock Exchange.

The number of treasury shares as at 31 December 2021 is shown in the following overview:

Treasury shares

In €	Treasury shares	Number of shares
1 January 2021	0	0
Share buyback	15,973,731	5,324,577
31 December 2021	**15,973,731**	**5,324,577**

As at 31 December 2021, the company holds 5,324,577 treasury shares, corresponding to a nominal amount of €15,973,731 or 2.68 % of the company's subscribed share capital.

On 13 January 2022, the Managing Board resolved to cancel all treasury shares with a reduction of the subscribed share capital. Further details are provided in the supplementary statement on the page 32.

27 Share premium

The share premium mainly consists of premiums received for capital increases.

Share premium		
€m	2020	2021
1 January	6,143.9	**6,143.9**
31 December	6,143.9	**6,143.9**

28 Other revenue reserves

Other revenue reserves		
€m	2020	2021
1 January	5,200.0	**5,000.0**
Withdrawals	-200.0	**-100.0**
Share buyback	0.0	**-333.7**
31 December	5,000.0	**4,566.3**

As in the previous year, the other revenue reserves include the reserves for the Ehrhart Schott-Kurt Schmaltz Foundation in the amount of €0.5 million as well as for environmentally friendly structural preservation in the amount of €150.5 million.

A dividend of €436,516,249.40 was paid to the shareholders entitled to dividends from the balance sheet profit of €440,326,962.15 carried forward from the previous year as at 1 January 2021, pursuant to the resolution of the Annual General Meeting of 6 May 2021.

An amount of €100 million (previous year: 200) was withdrawn from the other revenue reserves and added to the balance sheet profit.

Information on amounts excluded from payout

The measurement at fair value of the plan assets in connection with defined benefit obligations gave rise to a difference between cost and fair value as an amount not available for payout of €14.0 million less deferred tax liabilities thereon of €4.1 million.

The provisions for defined benefit obligations (before deduction of corresponding plan assets) were calculated on the basis of the corresponding average market interest rate from the past ten financial years. Averaging on the basis of seven financial years would have resulted in an increase in obligations of €36.5 million.

The amount excluded from payout is offset by freely available revenue reserves of €4,566 million. A payout block concerning the balance sheet profit of €496 million therefore does not exist.

29 Provisions for pensions

Provisions for pensions are determined using actuarial principles based on biometric assumptions (Heubeck 2018 G mortality tables) according to the projected unit credit method. Future expected salary and pension increases are taken into account when calculating the obligations. We anticipate annual adjustments of 2.6 % to the entitlements, as in the previous year, and 1.75 % p.a. (previous year: 1.5 %) to the pensions. For the calculation of provisions for pensions, an average market interest rate of the past ten years with matching maturities is used, which is forecast on the reporting date and applies to an assumed remaining term of 15 years. The discount rate as at 31 December 2021 was 1.87 % p.a. (previous year: 2.31 %). The standard retirement age in the statutory pension insurance was used to calculate the provisions for pensions.

The additional amount totalling €58.3 million due to the new regulations of BilMoG for the measurement of provisions for pensions is distributed with at least 1/15 in each financial year pursuant to the transitional provisions of BilMoG until 31 December 2024. The proportionately added amount in the reporting year is €3.9 million. A deficit of €11.7 million therefore still exists at the reference date of 31 December 2021.

As in the previous year, the impact of the change to the discount rate recognised in profit or loss is shown in the financial result.

When calculating the compounding expense, it is presumed that changes to discount rate, defined benefit obligation, and remaining term occur at the end of the financial year.

As at 31 December 2021, €88.0 million (previous year: 81.2) had been allocated to a group contractual trust agreement (CTA) to protect pension entitlements from insolvency.

The item also includes the net amount of defined benefit obligations (securities-linked commitment) from the deferred compensation plan in the amount of €20.6 million, which is counterbalanced by the plan assets of €20.5 million. Since in individual cases the settlement amount from the minimum guarantee exceeds the fair value of the plan assets, there is an overall balance on the liabilities side.

30 Tax provisions

The tax provisions contain provisions for income taxes for previous years that were created for corporation tax, solidarity surcharge, and trade tax, as well as interest for additional tax payments. They are reported at the necessary settlement amount according to reasonable commercial assessment.

31 Other provisions

Other provisions are reported at the settlement amount which, according to reasonable commercial assessment, is necessary to cover all impending losses and contingent liabilities as at the reporting date (necessary settlement amount).

They include amounts for obligations to employees amounting to €93.4 million (previous year: 91.7), recultivation obligations amounting to €32.2 million (previous year: 30.9), impending losses from derivative financial instruments amounting to €15.3 million (previous year: 50.5), and other risks and contingent liabilities amounting to €29.1 million (previous year: 28.5).

CO_2 emissions were taken into account with a provision of €52.4 million (previous year: 22.6). Provisions for the obligation to return emission rights are recognised if the actual CO_2 emissions up to the reporting date are not covered by emission rights granted free of charge. The amount of provision for emission rights already acquired for consideration is measured at the carrying amount and, for emission rights yet to be acquired in order to fulfil the obligation, at the market value as at the reporting date.

Provisions are valued at the settlement amount taking into consideration price and cost increases. Provisions with a remaining term of more than one year are discounted using the average market interest rate of the last seven years, which is calculated by the German Central Bank and appropriate to the term.

As in the previous year, the impact of the change to the discount rate recognised in profit or loss is shown in the financial result.

When calculating the compounding expense, it is presumed that changes to discount rate, defined benefit obligation, and remaining term occur at the end of the financial year.

32 Liabilities

Maturities of liabilities

31 December	within 1 year		1 to 5 years		more than 5 years	
€m	2020	**2021**	2020	**2021**	2020	**2021**
Bonds payable	0.0	**0.0**	2,750.0	**1,750.0**	0.0	**0.0**
Bank loans	86.0	**427.3**	612.3	**232.6**	34.9	**22.7**
Trade payables	70.7	**103.9**	0.0	**0.0**	0.0	**0.0**
Liabilities to subsidiaries	9,652.1	**11,949.6**	0.0	**0.0**	250.0	**250.0**
Liabilities to other participations	2.5	**1.1**	0.0	**0.0**	0.0	**0.0**
Other liabilities	20.4	**19.4**	20.8	**0.1**	43.6	**38.8**
	9,831.7	**12,501.3**	3,383.1	**1,982.7**	328.5	**311.5**

Of the liabilities to subsidiaries, €12.1 billion relates to intra-Group financial transactions and €0.1 billion to trade payables. The liabilities to other participations primarily include trade payables.
Liabilities are recognised at the settlement amount.

Since 27 September 2007, a €10 billion EMTN programme has been in place for HeidelbergCement AG and HeidelbergCement Finance Luxembourg S.A., Luxembourg. As at 31 December 2021, debenture bonds totalling €6,150 million were drawn under the EMTN programme. Of this amount, €1,750 million was attributable to HeidelbergCement AG and €4,400 million to HeidelbergCement Finance Luxembourg S.A.

As at 31 December 2021, the syndicated credit line of €3 billion had been drawn upon by HeidelbergCement AG for cash withdrawals of €6.0 million. The guarantee line was utilised in the amount of €136.4 million as at 31 December 2021.

Additional notes on other liabilities

€m	31 Dec. 2020	31 Dec. 2021
Tax liabilities	3.1	**3.2**
Liabilities relating to social security	3.1	**3.2**

33 Deferred income

The item contains proceeds prior to the reporting date if they represent income for a certain time after this date.

Other information

Contingent liabilities and other financial obligations

Contingent liabilities and other financial obligations

€m	31 Dec. 2020	31 Dec. 2021
Liabilities from guarantees	594.6	**692.1**
Guarantees for capital market loans taken out	4,150.0	**4,150.0**
Other liabilities	266.2	**219.9**

Obligations from guarantees of €691.6 million (previous year: 578.0) relate to related companies. Guarantees for capital market loans are granted exclusively to related companies. In addition, HeidelbergCement AG is liable for compliance with other obligations of related companies in the amount of €203.7 million (previous year: 260.8).

The guarantees were almost exclusively granted to subsidiaries. Furthermore, letters of comfort were issued to subsidiaries. On the basis of knowledge gained within the framework of the internal control system of the HeidelbergCement Group at the time this report was prepared, it is expected that the liabilities of the relevant companies underlying the contingent liabilities can be fulfilled and that the contingent liabilities and other financial obligations will therefore not be used.

Other financial commitments

The other financial commitments mainly concern expenditure under lease and rental liabilities to third parties, in which the economic ownership is not attributable to HeidelbergCement AG and was therefore not capitalised. Leased or rented property primarily includes real estate and other fixed assets, thereby stabilising the liquidity planning. There is no risk of fluctuation of lease and rental liabilities. As at 31 December 2021, there were no payment obligations to subsidiaries.

The following overview shows the due dates of the financial commitments from lease and rental liabilities as at 31 December 2021.

Financial commitments from lease and rental liabilities

€m	within 1 year	1 to 5 years	more than 5 years
Lease and rental liabilities	1.7	2.2	2.0

Derivative financial instruments
The operating activities and financing of an international group are subject to risks arising from changes in exchange rates, interest rates, and raw material prices. The risk areas are continuously monitored by the Group Treasury department and managed within the framework of our internal Group guidelines. To minimise these risks, derivative financial instruments are used as hedging transactions. As the parent company of the HeidelbergCement Group, HeidelbergCement AG concludes these transactions for other Group companies as well.

Currency risks arising in connection with transactions with third parties in foreign currencies (transaction risks) are hedged through the use of derivative financial instruments. Foreign exchange swaps and currency forwards are used. Potential changes in the market interest rate give rise to interest rate risks. These risks are maintained within the parameters set by the Group's Chief Financial Officer and are hedged by the use of financial instruments, primarily interest rate swaps. In individual cases, price risks are hedged through the use of commodity derivatives.

New contracts on derivative financial instruments with third parties are generally taken out in the name of Heidelberg-Cement AG as the in-house bank of the HeidelbergCement Group. These third parties are, without exception, banks. If required, derivatives concluded by HeidelbergCement AG with third parties are transferred internally to subsidiaries.

The following table provides an overview of the financial instruments that are grouped into one valuation unit as part of a micro hedge. As the conditions of the underlying and hedging instrument match, future fluctuations in value and changes in cash flows are, as a general rule, offset until and beyond the reporting date (volume matching and maturity matching). In the reporting year, three valuation units resulted in an excess loss totalling €1.1 million, which was taken into account in a provision for contingent losses. The prospective effectiveness is determined using the critical terms match method, and the retrospective effectiveness by the change in fair value method. The valuation unit is recognised in the balance sheet using the net hedge presentation method.

Valuation units				
Amount of underlying transaction/secured risk	Underlying transaction/ Hedge accounting	Losses not recognised €'000s	Secured risk	Maturity date
11 Mio USD	Commodity Derivatives / Derivatives	1,181	Price	2022
458 Mio EUR	CO_2 Certificates	18,595	Price	2022
2,500 Mio INR	Assets/Liabilities / Derivatives		Interest / currency	2022
1,426 Mio NOK	Assets/Liabilities / Derivatives	2,667	Currency	2022
297 Mio USD	Assets/Liabilities / Derivatives	9,803	Currency	2022
1,000 Mio AUD	Assets/Liabilities / Derivatives	6,615	Currency	2023
500 Mio USD	Assets/Liabilities / Derivatives		Currency	2022
500 Mio USD	Assets/Liabilities / Derivatives	957	Currency	2022
1,000 Mio USD	Assets/Liabilities / Derivatives	130	Currency	2022
750 Mio EUR	Swaps / Derivatives		Currency	2022
750 Mio EUR	Swaps / Derivatives	25,399	Currency	2027
750 Mio EUR	Swaps / Derivatives	5,460	Interest	2022
750 Mio EUR	Swaps / Derivatives	303	Interest	2027

The remaining derivative financial instruments essentially act to hedge foreign currency loans and deposits as well as interest rate risks, for which a valuation unit is not explicitly recognised.

Derivative financial instruments			
€'000s	Nominal value	Fair value	Valuation method
Currency forwards 3rd party	54,322	171	Discounted Cashflow-Methode
Foreign exchange swaps 3rd party	4,901,653	27,996	Discounted Cashflow-Methode
Currency forwards consolidated	59,620	-215	Discounted Cashflow-Methode
Foreign exchange swaps consolidated	51,092	1,083	Discounted Cashflow-Methode
Total	5,066,687	29,035	

A provision for potential losses of €14.2 million was recognised for open positions with a negative fair value.

Related parties disclosures

The following transactions were carried out with related parties, for which, in accordance with section 285, sentence 1, no. 21, clause 2 of the HGB, no details are provided concerning transactions with companies that are indirectly or directly included in the consolidated financial statements of HeidelbergCement AG with a 100 % shareholding.

Related parties disclosures	Relationship		
€m	Subsidiaries	Joint Ventures	Associates
Transaction			
Disposal	35.0	14.2	11.4
Aquisition	35.8	41.0	11.7
Procured services	30.4	0.3	0.0
Provided services	34.0	4.6	2.4
Granted funding (incl. Cash Pooling)			
– Valuta	125.2	0.7	0.4
– Interest income current year	26.7	0.1	0.0
Received funding (incl. Cash Pooling)			
– Valuta	149.0	11.7	0.0
– Interest expenses current year	0.1	0.0	0.0
Granted guarantees			
– Nominal	35.7	0.2	0.0
– Valuta	27.2	0.2	0.0

Supervisory Board, Managing Board remuneration

Supervisory Board remuneration	
€'000s	2021
Fixed remuneration	**1,813**
Total	**1,813**

Individualised information on the remuneration of the Supervisory Board is presented in the remuneration report, which is part of the combined management report.

Managing Board remuneration

Managing Board remuneration for the 2021 financial year (DRS 17)											
€'000s rounded off (previous year in brackets)	Dr Dominik von Achten	René Aldach [1]	Kevin Gluskie	Hakan Gurdal	Ernest Jelito	Dr Nicola Kimm [1]	Dennis Lentz [1]	Jon Morrish	Dr Lorenz Näger [2]	Chris Ward	Total
Non-performance related compensation											
Fixed annual salary	1,450 (1,348)	200 ()	91 (80)	764 (665)	700 (665)	200 ()	165 ()	899 (745)	733 (1,024)	71 (70)	**5,274** (4,598)
Fringe benefits	11 (11)	5 ()	6 ()	84 (71)	27 (24)	72 ()	10 ()	79 (56)	23 (35)	0 ()	**317** (197)
Cash Allowance										356 (371)	**356** (371)
Performance related compensation											
Annual bonus	2,770 (2,665)	297 ()	131 (119)	1,133 (1,008)	1,045 (1,047)	293 ()	250 ()	1,362 (1,179)	1,081 (1,646)	101 (102)	**8,465** (7,767)
Deduction of fringe benefits from the annual bonus									-57 (-55)		**-57** (-55)
Total cash compensation including fringe benefits	4,231 (4,015)	501 ()	229 (199)	1,981 (1,744)	1,772 (1,736)	565 ()	425 ()	2,341 (1,981)	1,780 (2,705)	528 (544)	**14,354** (12,924)
Compensation with long-term incentive											
Management component 2019-2021 (2018-2020)	1,375 (1,041)		108 (79)	875 (654)	730 ()			1,075 (733)	1,063 (797)	71 ()	**5,297** (3,303)
Capital market component 2021-2024 (2020-2023)	1,088 (578)	313 ()	58 (32)	481 (259)	438 (259)	313 ()	258 ()	564 (292)	459 (372)	44 (28)	**4,014** (1,822)
Total compensation	6,694 (5,633)	814 ()	394 (311)	3,337 (2,657)	2,940 (1,996)	878 ()	683 ()	3,980 (3,006)	3,302 (3,875)	644 (571)	**23,665** (18,048)

1) Since 1 September 2021 | 2) Until 31 August 2021

The annual bonus is a variable remuneration element, which relates to the financial year. Two thirds of the overall target achievement for the annual bonus is measured by corporate targets (Group share of profit and CO_2 component) and one third by individual targets. The achievement of the corporate targets results from the multiplication of the target achievement of the performance criterion Group share of profit for the year with the multiplier of the CO_2 component.

The members of the Managing Board are participating in the long-term bonus plan 2021-2023/2024. The target values for the plan, rounded to the nearest €'000, are in total €7,764,000.

The plan comprises two equally weighted components: the management component and the capital market component. The management component, with a term of three years, considers the internal added value as measured by earnings before interest and taxes (EBIT) and return on invested capital (ROIC), and is arranged in the form of a bonus with cash settlement. The capital market component, with a term of four years, considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in capital – compared with the relevant capital market indices, using performance share units (PSUs). The PSUs are virtual shares used for the calculation of the capital market component. The target value of each component, rounded to the nearest €'000, are in total €3,828,000 for the management component and €3,936,000 for the capital market component. The different amounts result from the pro rata calculation of the members of the Managing Board joining and leaving during the year. The reference price for the capital market components amounts to €57.00. This equates to the sum of 69,049 Performance Share Units (PSUs).

In accordance with section 314(1)(6a) sentence 4 of the German Commercial Code (HGB), the fair value at the grant date must be indicated for the capital market component. For the members of the Managing Board, the value, rounded to the nearest €'000, amounts to a total of €3,938,000. The fair value was determined in accordance with a recognized actuarial method (Monte Carlo simulation).

Pension promises	Increase in provision (German Commercial Code)		Amount of provision (German Commercial Code)	
€ '000s rounded off	2020	**2021**	2020	**2021**
Dr. Dominik von Achten	3,919	**2,072**	10,276	**12,348**
René Aldach (since 1 September 2021)	–	**83**	–	**83**
Kevin Gluskie	754	**1,288**	3,263	**4,551**
Hakan Gurdal	624	**984**	2,523	**3,506**
Ernest Jelito	458	**485**	674	**1,159**
Dr. Nicola Kimm (since 1 September 2021)	–	**88**	–	**88**
Dennis Lentz (since 1 September 2021)	–	**83**	–	**83**
Jon Morrish	479	**891**	2,221	**3,113**
Dr. Lorenz Näger (until 31 August 2021)	840	**–**	9,200	**–**
Total	7,074	**5,973**	28,157	**24,930**

Former members of the Managing Board and their surviving dependents

Payments to former members of the Managing Board and their surviving dependents amounted to €7.9 million for the financial year (previous year: 4.6). This includes payments to Dr. Lorenz Näger, Dr. Bernd Scheifele and Dr. Albert Scheuer for a contractually agreed compensation for a two year post contractual restraint. The payments amounted, rounded to the nearest €'000, to €1,372,000 for the financial year 2021. Furthermore, the severance payment for Dr. Lorenz Näger to settle all claims for the period between his early departure and the regular end of his employment and pension contract amounted €2,991,000 is included. In addition, Dr. Lorenz Näger received an advance payment of the 2021-2023/2024 long-term bonus plan in the amount of €458,000. Provisions for pension obligations to former members of the Managing Board amounted to €71.6 million (previous year: 35.8).

Statement in accordance with section 161 of the German Stock Corporation Act concerning the German Corporate Governance Code

The statement of compliance with the German Corporate Governance Code as required by section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) was submitted by the Managing Board and the Supervisory Board of HeidelbergCement AG and made available on the internet (see www.heidelbergcement.com, under Company/Corporate Governance).

Group relationships

As the controlling company of the Group, HeidelbergCement AG prepares consolidated financial statements pursuant to section 315e(1) of the HGB, which are published in the Federal Gazette.

Auditor's fees

Pursuant to section 285(1)(17) of the HGB, the fees of the independent auditor calculated for the reporting year are not stated here as this information is included in the consolidated financial statements of HeidelbergCement AG. The auditor's services mainly comprise services for the audit of the financial statements and, to a lesser extent, other assurance services and tax advice services. The other assurance services include the audit to obtain limited assurance of the non-financial statement as well as the submission of a letter of comfort in connection with the €10 billion EMTN programme.

Notifications of voting rights pursuant to the German Securities Trading Act

On 13 January 2022, HeidelbergCement AG announced, pursuant to section 41(1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), that the new total number of voting rights with immediate effect amounts to 193,091,900. The background to this notification is the Managing Board's decision of 13 January 2022 to cancel all 5,324,577 treasury shares purchased under the first tranche of the share buyback programme launched in 2021 from 10 August to 2 December 2021, with a reduction in the subscribed share capital.

In accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), the company was given the following notifications of voting rights prior to the preparation of the annual financial statements:

The following companies controlled by Ludwig Merckle, Piwa GmbH, Zossen, Germany, and VEM Beteiligungen GmbH, Zossen, Germany, informed us pursuant to sections 33 and 34 of the WpHG that, as a result of spin-off from the Group structure, their voting rights in HeidelbergCement AG on 10 February 2021 fell below the thresholds of 25 %, 20 %, 15 %, 10 %, 5 %, or 3 % and amounted to 0 % on that date.

Mr Ludwig Merckle informed us in a voluntary group notification due to crossing a threshold on subsidiary level pursuant to sections 33 and 34 of the German Securities Trading Act that his voting rights in HeidelbergCement AG amounted to 26.73 % on 31 October 2021. 25.01 % of the voting rights are attributed to Mr Merckle pursuant to section 34 of the German Securities Trading Act and 1.71 % pursuant to section 38(1), no. 1 of the German Securities Trading Act (Instruments). These voting rights are attributable to Mr Merckle via the following chain of companies under his control: PH Vermögensverwaltung GmbH, UBH Holding GmbH, Mertec Holding GmbH, UBH Spohn GmbH, and Spohn Cement Beteiligungen GmbH. Spohn Cement Beteiligungen GmbH directly holds 25.01 % of the voting rights; including the instruments held directly by it within the meaning of section 38(1), no. 1 of the German Securities Trading Act, its share of the voting rights is 26.73 %.

Mr Ludwig Merckle informed us in a further voluntary group notification due to crossing a threshold on subsidiary level pursuant to sections 33 and 34 of the German Securities Trading Act that his voting rights in HeidelbergCement AG amounted to 27.46 % on 24 January 2022. 25.0001 % of the voting rights are attributed to Mr Merckle pursuant to section 34 of the German Securities Trading Act and 2.46 % pursuant to section 38(1), no. 1 of the German Securities Trading Act (Instruments). These voting rights are attributable to Mr Merckle via the following chain of companies under his control: PH Vermögensverwaltung GmbH, UBH Holding GmbH, Mertec Holding GmbH, UBH Spohn Filia GmbH i Gr., UBH Spohn GmbH, and Spohn Cement Beteiligungen GmbH. Spohn Cement Beteiligungen GmbH directly holds 25.00 % of the voting rights; including the instruments held directly by it within the meaning of section 38(1), no. 1 of the German Securities Trading Act, its share of the voting rights is 27.46 %.

Artisan Partners Asset Management Inc., Wilmington, Delaware, USA, informed us pursuant to sections 33 and 34 of the WpHG that its voting right in HeidelbergCement AG on 28 September 2021 exceeded the threshold of 5 % and amounted to 5.02 % on that date. These voting rights are attributed to Artisan Partners Asset Management Inc. pursuant to section 34 of the WpHG via the following companies under its control: Artisan Partners Holding LP, Artisan Investments GP LLC, and Artisan Partners Limited Partnership. Artisan Partners Limited Partnership is attributed 5.02 % of the voting rights.

BlackRock, Inc., Wilmington, Delaware, USA, informed us in a voluntary group notification due to crossing a threshold at subsidiary level that its voting right in HeidelbergCement AG on 9 August 2019 amounted to 4.92 %. 4.47 % of the voting rights were attributed to BlackRock, Inc. pursuant to section 34 of the WpHG. 0.14 % of the voting rights were attributed to the company pursuant to section 38(1), no. 1 of the WpHG, and 0.31 % of the voting rights pursuant to section 38(1), no. 2 of the WpHG.

The Capital Group Companies, Inc., Los Angeles, USA, informed us pursuant to sections 33 and 34 of the German Securities Trading Act that its voting rights in HeidelbergCement AG on 16 April 2021 exceeded the threshold of 3 % and amounted to 3.07 % on this date. These voting rights are attributed to The Capital Group Companies, Inc. pursuant to section 34 of the German Securities Trading Act via its subsidiary Capital Research and Management Company.

DWS Investment GmbH, Frankfurt am Main, Germany, informed us pursuant to sections 33 and 34 of the German Securities Trading Act that its voting rights in HeidelbergCement AG on 5 August 2021 exceeded the threshold of 3 % and amounted to 3.05 % on this date.

In a further notification, DWS Investment GmbH, Frankfurt am Main, Germany, informed us pursuant to sections 33 and 34 of the German Securities Trading Act that its voting rights in HeidelbergCement AG on 9 September 2021 fell below the threshold of 3 % and amounted to 2.99 % on this date.

Black Creek Investment, Toronto, Canada, informed us pursuant to sections 33 and 34 of the German Securities Trading Act that its voting rights in HeidelbergCement AG on 9 November 2021 exceeded the threshold of 3 % and amounted to 3.01 % on this date.

First Eagle Global Fund, New York, USA, informed us pursuant to sections 33 and 34 of the WpHG that its voting right in HeidelbergCement AG on 11 January 2018 fell below the threshold of 3 % and amounted to 2.96 % on that date.

First Eagle Investment Management, LLC, New York, USA, informed us pursuant to sections 33 and 34 of the WpHG that its voting right in HeidelbergCement AG on 18 June 2020 fell below the threshold of 3 % and amounted to 2.96 % on that date.

Efiparind B.V., Amsterdam, Netherlands, informed us that its voting right in HeidelbergCement AG on 5 September 2016 fell below the thresholds of 5 % or 3 % and amounted to 2.89 % on this date. These voting rights were attributed to Efiparind B.V. pursuant to section 22 of the WpHG via the following subsidiaries under its control: EFIPARIND B.V. & CIE S.C.P.A., Cemital S.p.A., Privital S.p.A., Aureliana S.p.A., and Italmobiliare S.p.A.

Société Générale S.A., Paris, France, informed us pursuant to section 25a(1) of the WpHG that its voting right in our company on 13 August 2015 fell below the threshold of 5 % of the voting rights and amounted to 3.84 % on that date. Of these voting rights, 3.77 % was accounted for by voting rights through (financial/other) instruments according to section 25a of the WpHG, of which 2.77 % were held indirectly, and 0.07 % was accounted for by voting rights through (financial/other) instruments according to section 25 of the WpHG, of which 0.04 % were held indirectly. Voting rights pursuant to sections 21 and 22 of the WpHG accounted for 0 %.

The respective shareholder structure can be found on our website www.heidelbergcement.com under Investor Relations/Share/Shareholder Structure.

Boards

Managing Board

At present, there are nine members on the Managing Board of HeidelbergCement AG: In addition to the Chairman of the Managing Board and the Chief Financial Officer, there are five members of the Managing Board with regional responsibilities, one member responsible for sustainability and one for digitalisation.

The Managing Board organisation is characterised by dual management responsibility: The operating units in the Group areas fall under the line responsibility of individual members of the Managing Board. In addition, they have each cross-area responsibility for one corporate function with great strategic importance for the Group.

Dr Dominik von Achten

Chairman of the Managing Board
Member of the Managing Board since 2007; Chairman of the Managing Board since 2020; appointed until January 2025

Area of responsibility:
Communication & Investor Relations, Strategy & Development/M&A, Human Resources incl. Health & Safety, Internal Audit, Legal, Compliance

External mandates:
- Kunststoffwerk Philippine GmbH & Co. KG [2], Lahnstein, and Saarpor Klaus Eckhardt GmbH Neunkirchen Kunststoffe KG [2], Neunkirchen [4]
- Verlag Lensing-Wolff GmbH & Co. KG ("Lensing Media") [2], Dortmund

Dr Lorenz Näger

Deputy Chairman of the Managing Board and Chief Financial Officer until 31 August 2021
Member of the Managing Board from 2004 until August 2021

Area of responsibility:
Finance, Group Accounting, Controlling, Tax, Treasury, Insurance & Corporate Risk Management, Data Governance, Shared Service Center, Purchasing

External mandates:
- MVV Energie AG [1] [3], Mannheim
- PHOENIX Pharma SE [1] and PHOENIX Pharmahandel GmbH & Co KG [2], Mannheim [5]

Group mandates:
- Cimenteries CBR S.A. [2], Belgium (until 31 August 2021)
- ENCI Holding N.V. [2], Netherlands (until 31 August 2021)
- Hanson Pioneer España, S.L.U. [2], Spain (until 31 August 2021)
- HeidelbergCement Canada Holding Limited [2], UK (until 31 August 2021)
- HeidelbergCement Holding S.à.r.l. [2], Luxembourg (until 31 August 2021)
- HeidelbergCement UK Holding Limited [2], UK (until 31 August 2021)
- HeidelbergCement UK Holding II Limited [2], UK (until 31 August 2021)
- Italcementi S.p.A [2], Italy (Deputy Chairman) (until 31 August 2021)
- Lehigh Hanson, Inc. [2], USA (until 31 August 2021)
- Lehigh Hanson Materials Limited [2], Canada (until 31 August 2021)
- PT Indocement Tunggal Prakarsa Tbk. [2] [3], Indonesia

René Aldach

Chief Financial Officer since 1 September 2021
Member of the Managing Board since 1 September 2021; appointed until August 2024

Area of responsibility:
Corporate Finance, Data Governance, Procurement, Reporting Controlling & Consolidation & Data Hub, Shared Service Center, Tax, Treasury, Insurance & Risk

Group mandates:
- HeidelbergCement Canada Holding Limited [2], UK
- HeidelbergCement Holding S.à.r.l. [2], Luxembourg
- HeidelbergCement UK Holding Limited [2], UK
- HeidelbergCement UK Holding II Limited [2], UK
- Italcementi S.p.A [2], Italy (Deputy Chairman)

4) Jointly meeting advisory board of Unternehmensgruppe Philippine Saarpor (Philippine Saarpor group)
5) Jointly meeting supervisory board and advisory board, respectively; non-listed

Kevin Gluskie

Member of the Managing Board since 2016; appointed until January 2024

Area of responsibility:
Asia-Pacific, Competence Center Readymix

External mandates:
- Alliance Construction Materials Limited [2], Hong Kong S.A.R.
- Cement Australia Holdings Pty Ltd [2], Australia (Chairman)
- Cement Australia Pty Limited [2], Australia (Chairman)
- Cement Australia Partnership [2], Australia
- China Century Cement Ltd. [2], Bermuda
- Easy Point Industrial Ltd. [2], Hong Kong S.A.R.
- Guangzhou Heidelberg Yuexiu Enterprise Management Consulting Company Ltd. [2], China
- Jidong Heidelberg (Fufeng) Cement Company Limited [2], China
- Jidong Heidelberg (Jingyang) Cement Company Limited [2], China
- Squareal Cement Ltd [2], Hong Kong S.A.R.

Group mandates:
- Asia Cement Public Company Limited [2], Thailand
- Butra HeidelbergCement Sdn. Bhd. [2], Brunei Darussalam (Chairman)
- Gulbarga Cement Limited [2], India
- Hanson Investment Holdings Pte Ltd [2], Singapore
- Hanson Pacific (S) Pte Limited [2], Singapore
- HeidelbergCement Asia Pte Ltd [2], Singapore (Chairman)
- HeidelbergCement Bangladesh Limited [2] [3], Bangladesh (Chairman)
- HeidelbergCement Holding HK Limited [2], Hong Kong S.A.R.
- HeidelbergCement India Limited [2] [3], India
- HeidelbergCement Myanmar Company Limited [2], Myanmar
- Jalaprathan Cement Public Company Limited [2], Thailand
- PT Indocement Tunggal Prakarsa Tbk. [2] [3], Indonesia (Chairman)
- Zuari Cement Limited [2], India (Chairman)

Hakan Gurdal

Member of the Managing Board since 2016; appointed until January 2024

Area of responsibility:
Africa-Eastern Mediterranean Basin, HC Trading

External mandates:
- Akçansa Çimento Sanayi ve Ticaret A.S. [2] [3], Turkey (Deputy Chairman)
- CEMZA (PTY) LTD [2], South Africa

Group mandates:
- Austral Cimentos Sofala SA [2], Mozambique
- CimBurkina S.A. [2], Burkina Faso (Chairman)
- Ciments du Maroc S.A. [2] [3], Morocco
- Ciments du Togo SA [2], Togo
- Ghacem Ltd. [2], Ghana (Chairman)
- Hanson Israel Limited [2], Israel
- HC Trading FZE [2], Dubai
- Helwan Cement Company [2], Egypt (Chairman)
- La Cimenterie de Lukala S.A.R.L. [2], Democratic Republic of the Congo
- La Societe GRANUTOGO SA [2], Togo (Chairman)
- Scancem Holding AS [2], Norway (Chairman)
- Scancem International DA [2], Norway (Chairman)
- Scantogo Mines SA [2], Togo (Chairman)
- Suez Cement Company S.A.E. [2], Egypt
- Tourah Portland Cement Company [2], Egypt
- TPCPLC Tanzania Portland Cement Public Limited Company [2] [3], Tanzania (Chairman)
- Vassiliko Cement Works SA [2], Cyprus

Ernest Jelito

Member of the Managing Board since 2019; appointed until June 2023

Area of responsibility:
Northern and Eastern Europe-Central Asia, Competence Center Cement

External mandates:
- Optima Medycyna S.A. [2], Poland (Chairman)

Group mandates:
- CaucasusCement Holding B.V. [2], Netherlands (Chairman)
- Ceskomoravský cement, a.s. [2], Czechia (Chairman)
- Devnya Cement AD [2], Bulgaria (Chairman)
- Duna-Dráva Cement Kft. [2], Hungary
- Górazdze Cement S.A. [2], Poland (Chairman)
- Halyps Building Materials S.A. [2], Greece (Chairman)
- HeidelbergCement Central Europe East Holding B.V. [2], Netherlands (Chairman)
- HeidelbergCement Northern Europe AB [2], Sweden (Chairman)
- HeidelbergCement Romania SA [2], Romania
- JSC “Cesla” [2], Russia
- ShymkentCement JSC [2], Kazakhstan (Chairman)
- Tvornica Cementa Kakanj d.d. [2], Bosnia-Herzegovina
- Vulkan Cement AD [2], Bulgaria (Chairman)

Dr Nicola Kimm

Chief Sustainability Officer since 1 September 2021
Member of the Managing Board since 1 September 2021; appointed until August 2024

Area of responsibility:
Environmental Social Governance (ESG), Research & Development

External mandates:
- Dune TopCo BV [2], Netherlands
- EQT AB [2,3], Sweden

Dennis Lentz

Chief Digital Officer since 1 September 2021
Member of the Managing Board since 1 September 2021; appointed until August 2024

Area of responsibility:
Digitalisation, Information Technology

Jon Morrish

Member of the Managing Board since 2016; appointed until January 2024

Area of responsibility:
Western and Southern Europe, International Associations (e.g. GCCA, CEMBUREAU)

Group mandates:
- Castle Cement Limited [2], UK
- Cimenteries CBR S.A. [2], Belgium
- ENCI Holding N.V. [2], Netherlands
- Hanson Pioneer España, S.L.U. [2], Spain
- Hanson Quarry Products Europe Limited [2], UK
- HeidelbergCement Holding S.à.r.l. [2], Luxembourg
- Italcementi S.p.A [2], Italy (Deputy Chairman)

Chris Ward

Member of the Managing Board since 2019; appointed until August 2023

Area of responsibility:
North America, Competence Center Materials

Group mandates:
- Cadman Materials, Inc. [2], USA
- Campbell Concrete & Materials LLC [2], USA (Chairman)
- Campbell Transportation Services LLC [2], USA (Chairman)
- Commercial Aggregates Transportation and Sales LLC [2], USA (Chairman)
- Constar LLC [2], USA
- Essroc Holdings LLC [2], USA
- Fairburn Ready-Mix, Inc. [2], USA (Chairman)
- Górazdze Cement S.A. [2], Poland
- Greyrock, LLC [2], USA
- Gulf Coast Stabilized Materials LLC [2], USA (Chairman)
- Hampshire Properties LLC [2], USA
- Hanson Aggregates Midwest, Inc. [2], USA (Chairman)
- Hanson Aggregates New York LLC [2], USA (Chairman)
- Hanson Aggregates Pennsylvania LLC [2], USA (Chairman)
- Hanson Aggregates Southeast LLC [2], USA (Chairman)
- Hanson Aggregates WRP, Inc. [2], USA (Chairman)
- Hanson Building Materials America LLC [2], USA
- Hanson Micronesia Cement, Inc. [2], USA (Chairman)
- Hanson Permanente Cement of Guam, Inc. [2], USA (Chairman)
- Harrell Aggregate Hauling, Inc. [2], USA (Chairman)
- HBMA Holdings LLC [2], USA
- HeidelbergCement Canada Holding Limited [2], UK
- HeidelbergCement UK Holding II Limited [2], UK
- HNA Investments [2], USA
- Jack Cewe Construction Ltd. [2], Canada (Chairman)
- KH 1 Inc. [2], USA
- Lehigh Cement Company LLC [2], USA
- Lehigh Hanson Cement South LLC [2], USA (Chairman)
- Lehigh Hanson Materials Limited [2], Canada (Chairman)
- Lehigh Hanson Materials South LLC [2], USA (Chairman)
- Lehigh Hanson Receivables LLC [2], USA
- Lehigh Hanson Services LLC [2], USA
- Lehigh Hanson, Inc. [2], USA
- Lehigh Northwest Cement Company [2], USA
- Lehigh Northwest Marine, LLC [2], USA (Chairman)
- Lehigh Southwest Cement Company [2], USA (Chairman)
- LHI Duomo Holdings LLC [2], USA
- Sherman Industries LLC [2], USA (Chairman)
- Standard Concrete Products, Inc. [2], USA (Chairman)

The above-mentioned indications refer to 31 December 2021 – or in case of an earlier retirement from the Managing Board of HeidelbergCement AG to the date of retirement – and have the following meaning:
1) Membership in legally required supervisory boards of German companies
2) Membership in comparable German and foreign supervisory committees of commercial enterprises
3) Publicly listed company

Supervisory Board

According to the Articles of Association, the Supervisory Board of HeidelbergCement AG consists of twelve members. Half of the members shall be elected by the Annual General Meeting according to the provisions of the German Stock Company Act and half by the employees according to the provisions of the German Codetermination Law. The term of office for the Supervisory Board started with the conclusion of the Annual General Meeting of 9 May 2019 and ends according to schedule with the conclusion of the ordinary Annual General Meeting in 2024.

Fritz-Jürgen Heckmann

Chairman of the Supervisory Board
Stuttgart; Lawyer at the law firm Kees Hehl Heckmann and member of supervisory boards
Member since 8 May 2003, Chairman since 1 February 2005; member of the Personnel, Audit, and Mediation Committees

External mandates:
- HERMA Holding GmbH + Co. KG [2)], Filderstadt (Chairman)
- Neue Pressegesellschaft mbH & Co. KG [2)], Ulm
- Paul Hartmann AG [1) 3)], Heidenheim (Chairman)
- Süddeutscher Verlag GmbH [2)], Munich (Chairman)
- Südwestdeutsche Medien Holding GmbH [2)], Stuttgart (Chairman)
- Wieland-Werke AG [1)], Ulm (Chairman)

Heinz Schmitt

Deputy Chairman
Heidelberg; Controller; member of the Council of Employees at the headquarters of HeidelbergCement AG
Member since 6 May 2004, Deputy Chairman since 7 May 2009; member of the Personnel, Audit, and Mediation Committees

Barbara Breuninger

Frankfurt; Specialist Strategic Management Personnel Recruiting/Development and Coaching, IG Bauen-Agrar-Umwelt, as well as independent Management Trainer and Consultant
Member since 5 April 2018 ; member of the Audit Committee

Birgit Jochens

Mainz; Industrial Clerk and State Certified Business Economist; Chairwoman of the Council of Employees at the Mainz plant, HeidelbergCement AG
Member since 9 May 2019; member of the Personnel Committee

Ludwig Merckle

Ulm; Managing Director of Merckle Service GmbH [4)]
Member since 2 June 1999; Chairman of the Personnel and Nomination Committees and Deputy Chairman of the Audit Committee

External mandates:
- Kässbohrer Geländefahrzeug AG [1) 4)], Laupheim (Chairman)
- PHOENIX Pharma SE [1) 4)] (Deputy Chairman) and PHOENIX Pharmahandel GmbH & Co KG [2) 4)], Mannheim [5)]

Tobias Merckle

Leonberg; Managing Director of Seehaus e.V.
Member since 23 May 2006

Luka Mucic

Walldorf; Chief Financial Officer of SAP SE
Member since 9 May 2019; Chairman of the Audit Committee and member of the Personnel Committee

Dr Ines Ploss

Heidelberg; Director Group Procurement of HeidelbergCement AG
Member since 9 May 2019; member of the Personnel and Mediation Committees

Peter Riedel

Frankfurt; Department Head – building materials industry at the Federal Executive Committee of IG Bauen-Agrar-Umwelt
Member since 9 May 2019; member of the Audit Committee

External mandates:
- Zusatzversorgungskasse der Steine- und Erden-Industrie und des Betonsteinhandwerks VVaG – Die Bayerische Pensionskasse (ZVK) [2], Munich

Werner Schraeder

Ennigerloh; Building Fitter; Chairman of the General Council of Employees of HeidelbergCement AG, Chairman of the Council of Employees at the Ennigerloh plant of HeidelbergCement AG and Chairman of the Group Council of Employees
Member since 7 May 2009; member of the Audit and Personnel Committees

External mandates:
- Berufsgenossenschaft Rohstoffe und chemische Industrie [2], Heidelberg
- Volksbank eG [2], Warendorf

Margret Suckale

Hamburg; member of supervisory boards
Member since 25 August 2017; member of the Personnel, Audit, and Nomination Committees

External mandates:
- Deutsche Telekom AG [1] [3], Bonn
- DWS Group GmbH & Co. KGaA [1] [3], Frankfurt
- Infineon Technologies AG [1] [3], Neubiberg

Prof. Dr Marion Weissenberger-Eibl

Karlsruhe; Head of the Fraunhofer Institute for Systems and Innovation Research ISI in Karlsruhe and holder of the Chair of Innovation and TechnologyManagement (iTM) at the Karlsruhe Institute of Technology (KIT)
Member since 3 July 2012; Chairwoman of the Mediation Committee and member of the Nomination Committee

External mandates:
- MTU Aero Engines AG [1] [3], Munich

The above mentioned indications refer to 31 December 2021 and have the following meaning:
1) Membership in other legally required supervisory boards of German companies
2) Membership in comparable German and foreign supervisory committees of commercial enterprises
3) Publicly listed company
4) Non-listed companies controlled by Mr. Ludwig Merckle
5) Jointly meeting supervisory board and advisory board, respectively

Supervisory Board Committees

Personnel Committee

- Ludwig Merckle (Chairman)
- Fritz-Jürgen Heckmann
- Birgit Jochens
- Luka Mucic
- Dr Ines Ploss
- Heinz Schmitt
- Werner Schraeder
- Margret Suckale

Audit Committee

- Luka Mucic (Chairman)
- Ludwig Merckle (Deputy Chairman)
- Barbara Breuninger
- Fritz-Jürgen Heckmann
- Peter Riedel
- Heinz Schmitt
- Werner Schraeder
- Margret Suckale

Nomination Committee

- Ludwig Merckle (Chairman)
- Margret Suckale
- Prof. Dr Marion Weissenberger-Eibl

Mediation Committee, pursuant to section 27(3) of the German Codetermination Law

- Prof. Dr Marion Weissenberger-Eibl (Chairwoman)
- Fritz-Jürgen Heckmann
- Dr Ines Ploss
- Heinz Schmitt

Supplementary statement
On 13 January 2022, the Managing Board resolved to cancel all 5,324,577 treasury shares purchased under the first tranche of the share buyback programme launched in 2021 in the period from 10 August to 2 December 2021, with a reduction of €15,973,731 in the subscribed share capital. This corresponds to 2.68 % of the company's subscribed share capital before cancellation and capital reduction. In doing so, the Managing Board has made use of the authorisation of the Annual General Meeting of 6 May 2021 to cancel acquired treasury shares without further resolution of the Annual General Meeting.

Following the cancellation of the shares and the capital reduction, the subscribed share capital of HeidelbergCement AG amounts to €579,275,700 and is divided into 193,091,900 no-par value shares, each representing a notional amount of €3.00 of the subscribed share capital.

In addition, HeidelbergCement announced on 13 January 2022 that it would continue its share buyback programme earlier than originally planned. The second tranche of €300 to €350 million started on 7 March 2022 and is scheduled to be completed by 31 August 2022 at the latest.

At the end of February, the global political situation had changed drastically due to the Russian attack on Ukraine. Due to the very dynamic development of the situation, it is currently not possible to make a reliable forecast about the dimension of the impact on our business activity. The Managing Board expects smaller direct impacts on HeidelbergCement Group's business activity. HeidelbergCement Group is no longer represented in Ukraine since the disposal of its activities in 2019. However, negative impacts on the assets, financial, and earnings position of the 2022 financial year can be expected indirectly as a result of the very high volatility on the energy markets, particularly in Europe, caused by the crisis. The effects on HeidelbergCement AG's existing financing commitment to its Russian subsidiaries cannot be foreseen at present.

List of shareholdings
The list of shareholdings, which forms part of the Notes, is not included here. It is published with the annual financial statements in the Federal Gazette and in the Group's Annual Report 2021.

Proposal for the appropriation of the balance sheet profit
The Managing Board and Supervisory Board propose that €463,420,560.00 of the balance sheet profit disclosed in the annual financial statements of €495,521,123.44 is used to pay a dividend of €2.40 on each of the participating 193,091,900 no-par value shares for the 2021 financial year. The remaining amount of €32,100,563.44 is to be carried forward. As at the reporting date of 31 December 2021, the number of no-par value shares entitled to dividends is calculated from 198,416,477 shares issued less the 5,324,577 treasury shares acquired in the 2021 financial year. The number of no-par value shares entitled to dividends may be reduced by the date of the resolution on the use of the balance sheet profit as a result of the share buyback programme continued on 7 March 2022. In this case, if the distribution of €2.40 per participating share remains unchanged, an appropriately adjusted resolution proposal for the use of profit will be submitted to the Annual General Meeting.

Heidelberg, 23 March 2022

HeidelbergCement AG

The Managing Board

Independent auditor’s report

To HeidelbergCement AG, Heidelberg

Report on the audit of the annual financial statements and of the management report

Audit Opinions

We have audited the annual financial statements of HeidelbergCement AG, Heidelberg, which comprise the balance sheet as at 31 December 2021, and the statement of profit and loss for the financial year from 1 January to 31 December 2021, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of HeidelbergCement AG, which is combined with the group management report, – which comprise the content included to comply with the German legal requirements as well as the remuneration report pursuant to § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act], including the related disclosures, included in section “Remuneration Report“ of the management report – for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the „Other Information“ section of our auditor’s report.

Pursuant to § 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided nonaudit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1	**Measurement of shares in affiliated companies**
2	**Obligations arising from tax matters**

Our presentation of these key audit matters has been structured in each case as follows:
a) Matter and issue
b) Audit approach and findings
c) Reference to further information

Hereinafter we present the key audit matters:

1 Measurement of shares in affiliated companies

a) In the annual financial statements of the Company, shares in affiliated companies amounting to EUR 21,082 million (76,8 % of total assets) are reported under the "Financial assets" balance sheet item. Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair values are calculated using discounted cash flow models as the present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the relevant financial investment. On the basis of the values determined and supplementary documentation, a write-down of € 1,1 million as well as a write-up of € 1,6 milion was required for the financial year. The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainties.

Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

b) As part of our audit, we assessed the methodology used for the purposes of the valuation, among other things. In particular, we assessed whether the fair values had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model.

In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies.

c) The Company's disclosures relating to shares in affiliated companies are contained in section "17 shares in affiliated companies " of the notes to the financial statements.

2 Obligations arising from tax matters

a) As an international building materials company, HeidelbergCement AG is subject to various local tax regulations due to its extensive portfolio of equity investments and cross-border service relationships with affiliated companies. The recognition and measurement of tax provisions are based to a large extent on estimates and assumptions made by the executive directors. Against this background and due to the amount of this item, these matters were of particular significance in the context of our audit.

b) As part of our audit, we assessed, among other things, the internal processes and controls for recording and evaluating tax matters and the accounting presentation of obligations arising from tax matters. In the knowledge that estimated values result in an increased risk of accounting misstatements and that the estimates and assumptions made by the executive directors have a direct and significant impact on the annual result, we evaluated the appropriateness of the determination of the obligations and the accounting presentation of tax matters. We also involved our internal specialists from the Tax department in the audit team. With regard to the recognition and measurement of obligations, we in particular inspected the Company's correspondence with the respective tax authorities, critically examined the Company's risk assessments of ongoing tax audits and individual tax matters, and assessed expert opinions obtained from third parties. Furthermore, we also held meetings with the Company's tax department in order to receive updates on current developments with regard to the material tax matters and the reasons for the corresponding estimates. As at balance sheet date, we also obtained confirmations from external tax advisors that support the executive directors' estimates. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

c) The Company's disclosures relating to tax provisions are contained in section "30 Tax provisions" of the notes to the financial statements and additionally in the paragraph on "Tax risks" in the "Risk and opportunity report" section of the management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate Governance statement" of the management report
- the non-financial statement pursuant to § 289b Abs. 1 HGB and § 315b Abs. 1 HGB included in section "Non-financial statement" of the management report

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

The executive directors and the supervisory board are further responsible for the preparation of the remuneration report, including the related disclosures, which is included in a separate section of the management report and complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Reference to an Other Matter – Formal Audit of the Remuneration Report pursuant to § 162 AktG
The audit of the management report described in this auditor's report comprises the formal audit of the remuneration report required by § 162 Abs. 3 AktG, including the expression of an opinion on this audit. As we express an unqualified opinion on the management report, this opinion includes the opinion that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion
We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file HeidelbergCement_AG_JA_ZLB_ESEF-2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion
We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF-Documents
The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF Documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as auditor by the annual general meeting on 6 May 2021. We were engaged by the supervisory board on 7 June 2021. We have been the auditor of the HeidelbergCement AG, Heidelberg, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter – use of the auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Thomas Tilgner.

Frankfurt am Main, March 23, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Thomas Tilgner) Wirtschaftsprüfer (German Public Auditor)	(sgd. Dr. Martin Nicklis) Wirtschaftsprüfer (German Public Auditor)

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements of HeidelbergCement AG give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company, and the management report, which has been combined with the Group management report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Heidelberg, 23 March 2022

HeidelbergCement AG

The Managing Board

Dr. Dominik von Achten

René Aldach

Kevin Gluskie

Hakan Gurdal

Ernest Jelito

Dr. Nicola Kimm

Dennis Lentz

Jon Morrish

Chris Ward

Financial calendar

Financial calendar	
First quarter 2022 results	12 May 2022
Annual General Meeting 2022	12 May 2022
Capital Markets Day	24 May 2022
Second quarter 2022 results	28 July 2022
Third quarter 2022 results	3 November 2022

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The Company has its registered office in Heidelberg, Germany. It is registered with the Commercial Register at the Local Court of Mannheim (Amtsgericht Mannheim) under HRB 330082.

This report – in German and English – is only available electronically on the Internet: www.heidelbergcement.com.

Translation of the report on the annual financial statements 2021. The German version is binding. The report on the annual financial statements 2021 was published on 24 March 2022.

MATERIAL
TO BUILD OUR FUTURE

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