ANNUAL REPORT
BILFINGER SE

2023

BILFINGER

Contents

Bilfinger SE

Bilfinger is an international industrial services provider. The aim of the Group's activities is to increase the efficiency and sustainability of customers in the process industry and to establish itself as the number one partner in the market for this purpose. Bilfinger's comprehensive portfolio covers the entire value chain from consulting, engineering, manufacturing, assembly, maintenance and plant expansion to turnarounds and digital applications.

The company delivers its services in two service lines: Engineering & Maintenance and Technologies. Bilfinger is primarily active in Europe, North America and the Middle East. Process industry customers come from sectors that include energy, chemicals & petrochemicals, pharma & biopharma and oil & gas. With its ~30,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenue of €4.5 billion in financial year 2023. To achieve its goals, Bilfinger has identified two strategic thrusts: repositioning itself as a leader in increasing efficiency and sustainability, and driving operational excellence to improve the organizational performance.

A To our shareholders

A.1 Letter to shareholders

Dear Shareholders,
Ladies and Gentlemen,

2023 was a good year for Bilfinger. Given the current global political situation, this may sound unusually clear, but for Bilfinger it is simply true. Nor was it a chance outcome. It was the reward for our revised strategy and focus on our goal of becoming the No. 1 in enhancing efficiency and sustainability for our customers in industry.

Annual targets in part exceeded

Bilfinger benefited from good demand for its services across all regions and industries. Against the backdrop of wars and conflicts in Europe and elsewhere in the world, coupled with inflation that only came back down toward the year-end, companies faced the challenge of producing as efficiently as possible against high energy and input costs – while at the same time minimizing the environmental impacts. Notably in Europe, companies are laboring under the lack of skilled personnel, ever-increasing bureaucracy as well as the growing complexity in both production and digitalization. In response, they are looking to outsource to specialized industrial services providers, which opens up new opportunities for Bilfinger.

Our success is measurable. Orders received rose organically in 2023 by 5 percent to more than €4.7 billion, while revenue went up 7 percent to €4.5 billion. The EBITA margin climbed from 1.8 to 4.3 percent. Free cash flow came to €122 million. In terms of EBITA and free cash flow, we exceeded our forecast for financial year 2023. Net profit stood at €181 million, which translates to earnings per share of €4.84. Adjusted for special items and calculated using a normalized tax rate, net profit increased from €82 million to €117 million, corresponding to earnings per share of €3.12. At the Annual General Meeting on May 15, the Executive Board and Supervisory Board will therefore be proposing an increase in the dividend from €1.30 to €1.80 per share. The payout ratio equates to approximately 58 percent of adjusted net profit, putting it at the upper end of the range under the company's dividend policy, which targets payouts of between 40 percent and 60 percent of adjusted net profit.

As a result of this positive development, Bilfinger shares are promoted from the SDAX to the MDAX effective March 18, 2024, marking a return to the 50-share mid-cap index after a good six years.

Technologically advanced reference projects with major international customers

Enhancing efficiency and sustainability for our customers and actively shaping the energy transition are the focus of our business activities. This is illustrated by three standout customer contracts:

Bilfinger is the first company to have successfully sealed a strategic engineering alliance with chemical company INEOS at the latter's site in Cologne, Germany. This is a three-year contract with the objective of expansion into a long-term cooperation. The primary focus is to increase quality and efficiency by pooling all engineering services with one alliance partner, thus eliminating the need to coordinate a large number of smaller service providers. What clinched the decision in favor of Bilfinger was our comprehensive portfolio of solutions and expertise as a multidisciplinary engineering service provider.

Bilfinger is making a major contribution to the progress of the new Hinkley Point C nuclear power plant in the UK. The highlight in 2023 was delivering and assembling the core melt stabilization system. This key component of the safety concept for the new nuclear power plant comprises a number of structural elements weighing several tons that act as a safeguard beneath the reactor block.

In Lithuania, Bilfinger is supporting energy company Ignitis Gamyba in the expansion of a pumped storage hydroelectric power plant. Executed in collaboration with the Voith technology group, the contract aims to strengthen Lithuania’s green and independent energy supply. The expansion of the hydroelectric power plant is part of the Baltic states’ plans to be integrated into the European power grid by the end of 2025 as well as to reduce their dependence on energy imports and to systematically make greater use of renewable energy sources.

Strategy: implementation on track to achieve mid-term targets

Our Capital Markets Day 2023 saw us present our revised strategy, which met with widespread approval. In implementing it, we focused in 2023 on three main levers to improve the Group’s growth, profitability and cash flow. We put these strategic levers into place quickly and effectively – and to a large extent have already activated them.

1) The efficiency program launched at the end of 2022 was fully completed in 2023. Focusing on administrative functions within the Group, it provides for cost savings of approximately €55 million, which will be fully effective from financial year 2024. By means of lean management and streamlined administrative structures as well as by bundling administrative tasks, the program aims for systematic improvements in organizational efficiency. Some of the savings will be reinvested in training and education. For instance, this includes establishing training centers such as Bilfinger Education GmbH, launched in October 2023.

2) We are improving operational excellence to enhance the performance of our organization. A key touchpoint here is increased standardization and bundling of the Group’s various service lines. To this end, nine product centers were defined in the reporting year. Their task is to standardize products that will be offered by the operating companies in all the Group’s markets. A standardized contract selection process continues to serve the purpose of operational derisking. Here, too, we have already made significant progress with a fundamental repositioning of our US business. While this resulted in lower revenue and orders received in the USA. for the reporting year, it will make our business significantly more robust and above all more profitable going forward.

3) Bilfinger is targeting additional growth and higher profitability by positioning itself even better in its markets. The aim is to offer all products and serve all prospective customers in established markets. Alongside organic growth, selective acquisitions can also contribute here. In this context,

an agreement was signed in September 2023 to acquire parts of the Stork Group, previously part of Fluor Corporation (USA). The transaction mainly encompasses the operating units in the Netherlands and Belgium as well as some entities in Germany and in the US, with more than 2,700 permanent employees and revenue of around €500 million.

Sustainability at Bilfinger

Having a business model based on enhancing customers' efficiency and sustainability means we have to demonstrate our own credibility in these disciplines. In financial year 2024, Bilfinger will expand its sustainability reporting to even better reflect the company's own ambition in terms of efficiency and sustainability. Despite the revenue growth, our Scope 1 and 2 (market-based) carbon emissions in accordance with the GHG Protocol have been reduced significantly by 9 percent from 50 to 45 ktCO_2. Upstream Scope 3 emissions were recorded for the first time for the financial year 2023. These comprise carbon emissions caused at our suppliers as a result of our activities in the upstream value chain. Downstream Scope 3 emissions – those generated at customers as a result of our services or the use of our products in the downstream value chain – will be tracked from 2024. This will provide greater transparency for customers, investors and the general public. Bilfinger's commitment is similarly borne out by the latest rating from EcoVadis. The world's largest provider of corporate sustainability ratings has once again presented Bilfinger with a Gold Award for its sustainable, ethical and responsible practices. This puts Bilfinger in the top 5 percent of all companies assessed.

Strategic priorities in 2024

We are continuing to implement our strategy this year. One area of focus will be on the transformation from project business to product business. By standardizing and offering our expertise across all markets and regions, we are actively derisking and increasing our sustainable profitable growth. We will set about integrating Stork immediately after the closing, which is planned for the first half of 2024, thus substantially strengthening the Bilfinger Group. This transaction additionally serves as a blueprint for our acquisition strategy. We wish to grow primarily in markets we already serve and with products we already offer as a way of systematically expanding our core business.

Financial outlook for 2024

For 2024, Bilfinger anticipates revenue of between €4,500 million and €4,800 million. The Group's profitability will continue to rise, with an EBITA margin of 4.9 percent to 5.2 percent. This increase will stem from the positive effects of the efficiency program as well as growth and continued de-risking. The forecast does not include the acquisition of Stork expected for the first half of the year.

Thanks to our shareholders and employees

Bilfinger is making very good progress. Our strategy is delivering and our products and services are addressing growing industry demand. We would like to thank you, our shareholders, for your continued trust and support. And we would like to express our gratitude to our employees for their outstanding commitment to Bilfinger. It is they who have made our recent progress and successes possible. To all our stakeholders who have supported us with constructive criticism, suggestions and productive dialogue, we pledge to remain open to discussion. Together, we will continue on our path of profitable growth in 2024 and make Bilfinger the No. 1 in efficiency and sustainability for our customers in industry.

Dr. Thomas Schulz
CEO

Matti Jäkel
CFO

Executive Board
of Bilfinger SE

Dr. Thomas Schulz, CEO
Matti Jäkel, CFO

A.2 Executive Board of Bilfinger SE

Dr. Thomas Schulz (CEO)

Born 1965 in Saarland, Germany

Professional career

2022	Chief Executive Officer at Bilfinger SE, Mannheim (Germany)
2013 – 2022	FLSmidth A/S, Copenhagen (Denmark), Group Chief Executive Officer
2001 – 2013	Sandvik AB, Stockholm (Sweden), most recently President SANDVIK Construction
1998 – 2001	Svedala Industri AB, Malmö (Sweden), Business Area Manager

Academic career

Engineering studies and doctorate in mining at RWTH Aachen University, Germany

Matti Jäkel (CFO)

Born 1961 in Düsseldorf, Germany

Professional career

2022	Chief Financial Officer Bilfinger SE, Mannheim (Germany)
1989 – 2022	Bilfinger SE, Mannheim
2020 – 2022	Executive President Division Other Operations
2017 – 2019	Finance Director Region MMO Continental Europe
2014 – 2016	Finance Director Division Industrial Maintenance
2010 – 2013	CFO Bilfinger Industrial Services GmbH
2007 – 2010	CFO Bilfinger Berger Ingenieurbau GmbH
2006 – 2007	CFO Bilfinger Berger Hochbau GmbH
2000 – 2006	CFO Fru-Con Construction Corp.
1997 – 2000	Finance Director Civil Engineering Division Baulderstone Hornibrook Pty. Ltd. and Finance Director BHBB M5 East Joint Venture
From 1989	various technical and commercial positions at Bilfinger Berger Bauaktiengesellschaft

Academic career

Civil Engineering studies, TU München
Business Administration studies, Henley Management College / Brunel University

A.3 Report of the Supervisory Board

Dr. Eckhard Cordes
Chairman
of the Supervisory Board

Dear Shareholders,

Financial year 2023 was both a challenging and, at the same time, successful year for Bilfinger. Despite a host of external influences and uncertainties as well as internal reorganization, Bilfinger was able to achieve and exceed all the targets set and communicated to the capital market in the reporting year. Orders received increased to €4.7 billion (previous year: €4.6 billion) and revenue climbed to just under €4.5 billion (previous year: €4.3 billion). Bilfinger achieved reported EBITA of €191 million in 2023 (previous year: €75 million, whereby the previous year´s amount was influenced by provisions for the efficiency program in the amount of €62 million); this corresponds to an EBITA margin of 4.3 percent (previous year: 1.8 percent). In addition to operational improvements, this increase resulted from the completion of the efficiency program, de-risking in the project business and the sale of properties. The adjusted EBITA margin was 4.0 percent (previous year: 3.0 percent). Reported free cash flow totaled €122 million (previous year: €136 million). In addition to the sound operating result and a normal level of investment, free cash flow was influenced by special items, consisting primarily of cash inflows from the sale of properties and cash outflows in connection with the efficiency program. Around €40 million in liquidity outflows from the efficiency program will be incurred in 2024. In operational and strategic terms, Bilfinger maintained its growth trajectory in the reporting year. The efficiency program, which aims to optimize workflows and processes, simplify structures and reduce costs, was completed on schedule at the end of the financial year and will take full effect from 2024. This is expected to save around €55 million per year, of which around a quarter will be reinvested in employee training and development. The acquisition of Fluor Cooperation's industrial services business Stork, which was agreed in the reporting year, will further implement the growth strategy. The transaction is scheduled to close in the first half of 2024. The acquisition strengthens Bilfinger’s core business in a market in which the Group is already well positioned. In particular in the Netherlands and Belgium region, Bilfinger is thus focusing on expanding its range of services for its customers and increasing the number of qualified specialists to more than 4,600 employees following successful completion of the transaction.

The company thus remains on the right track to achieve its medium-term goals 2025-2027. In addition to increasing the EBITA margin to between 6 and 7 percent (at least 5 percent as early as 2024) and a cash conversion of at least 80 percent, the company is also planning average sales growth of 4 to 5 percent per year. The Supervisory Board, as has been the case in the past, will continue to positively support and monitor the Executive Board in an advisory capacity.

The Supervisory Board continues to consider sustainability a key component of Bilfinger's activities and, in particular, the further development of Bilfinger's corporate strategy. Sustainability is by no means an abstract goal, it is the result of consistent efficiency improvements that Bilfinger is in a position to deliver to its customers for their plants in the areas of energy and production. Bilfinger is committed to defined goals in the sustainability areas environment, social and governance (ESG) which have been further sharpened and underpinned with measures and are intended to make their own contribution to sustainability. For Bilfinger as a leading industrial services provider, the topic of sustainability and the growing awareness of sustainability in society also present attractive new market opportunities. Bilfinger's services make a significant contribution to helping its customers achieve their sustainability goals. The Supervisory Board will continue to actively support the topic of sustainability and its implementation at Bilfinger.

At the beginning of the reporting year, the Presiding Committee and Supervisory Board reviewed and revised the Executive Board remuneration system, also with a view to further embedding the issue of sustainability and its significance by defining meaningful, measurable and transparent ESG targets in advance. This revised remuneration system was adopted by the Supervisory Board at the beginning of the reporting year and approved by the Annual General Meeting on April 20, 2023. It is valid from January 1, 2024.

The work of the Supervisory Board and the committees also involved advising and monitoring the Executive Board in the implementation of the Group's enhanced strategy, the efficiency program, the agreed acquisition of Fluor Corporation's industrial services business Stork and other potential M&A transactions. The fulfillment of statutory and quasi-statutory requirements, including with regard to the Corporate Social Responsibility Directive (*CSRD*), the Supply Chain Due Diligence Act and the German Corporate Governance Code *(GCGC*) were also supported.

Overall, the activities of the Supervisory Board and its committees in financial year 2023 were intensive and characterized by a trusting and constructive cooperation among the members. On this basis, it was possible for the Supervisory Board to satisfy its monitoring and advisory function and thus its responsibilities as a corporate body.

Cooperation between the Supervisory Board and the Executive Board

During financial year 2023, the Supervisory Board performed the duties incumbent upon it in an orderly manner in accordance with the law, the Articles of Incorporation and the Rules of Procedure. The Executive Board and the Supervisory Board worked together in a spirit of mutual trust within the scope of their responsibilities and for the benefit of the company. The Executive Board informed the Supervisory Board and its committees regularly, without delay and comprehensively both in writing and orally, of all issues of relevance to the company, particularly with regard to strategy, the efficiency program, planning, business development, risk situation, risk management and compliance. The cooperation with the Executive Board was characterized by an open and detailed dialog.

The Supervisory Board reviewed, openly and critically discussed in detail and evaluated the reports from the Executive Board. The content and scope of reporting from the Executive Board fulfilled the requirements placed on it by the law. The Supervisory Board continuously and thoroughly monitored the work of the Executive Board, also on the basis of this reporting, and provided advice regarding the management, strategic positioning and development of the company, in particular with regard to the further development of the Bilfinger strategy and the implementation of the efficiency program. The Supervisory Board was regularly involved directly and at an early stage, in particular in decisions of fundamental importance for the company. The primary benchmarks for the supervision of the Executive Board by the Supervisory Board remained the legality, correctness, suitability and profitability of the Group-wide management of the business by the Executive Board. In addition to the reports prepared by the Executive Board, the Supervisory Board also received supplementary information from the Executive Board on a regular basis as well as whenever required. Between the scheduled meetings, at least the Chairman of the Supervisory Board and the Chairman of the Executive Board and CEO regularly exchanged ideas and information with regard to questions of strategy and planning, business development, the risk situation, risk management and compliance at Bilfinger.

Article 13 Paragraph 1 of the Articles of Incorporation of Bilfinger SE and a revised catalog prepared by the Supervisory Board, embedded in the Rules of Procedure for the Executive Board and the Strategy Committee and regularly reviewed for any necessary adjustments, list the transactions and measures of fundamental importance which require the approval of the Supervisory Board or one of its committees. The Supervisory Board or the Strategy Committee decided on transactions and measures submitted to the Supervisory Board in the reporting year and requiring its approval after reviewing them and discussing them with the Executive Board.

Supervisory Board meetings

In the 2023 financial year, the Supervisory Board held seven ordinary and two extraordinary meetings. Six sessions were held in the form of a face-to-face session (with the possibility of participation in virtual form) and three sessions were held as a virtual session via video conference. There were no meetings held as a telephone-only conference call. The Supervisory Board also made a decision in the procedure by e-mail. The regular meetings were held on February 9, March 7, April 19, May 10, August 10, November 10 and December 13/14. Extraordinary meetings were held on February 21 and September 4. The average attendance rate of all Supervisory Board members at meetings of the Supervisory Board and its committees was 97.79 percent in the reporting year. No member of the Supervisory Board attended fewer than half of the meetings in the reporting year. The following overview shows which Supervisory Board meetings and committee meetings the individual members participated in:

Committee	Name of the Supervisory Board member											
	Agnieszka Al-Selwi	Vanessa Barth	Werner Brandstetter	Stephan Brückner	Dr. Roland Busch	Dr. Eckhard Cordes	Rainer Knerler	Frank Lutz	Dr. Silke Maurer	Robert Schuchna	Jörg Sommer	Dr. Bettina Volkens
Supervisory Board												
February 9, 2023	•	X	•	•	•	•	•	•	•	•	•	•
February 21, 2023 (virtual)	•	•	•	•	•	•	•	•	•	•	•	•
March 7, 2023	•	•	•	•	•	•	•	•	•	•	•	•
April 19, 2023	•	•	•	•	•	•	•	•	•	•	•	•
May 10, 2023	•	•	•	•	•	•	•	•	•	•	•	•
August 10, 2023 (virtual)	•	•	•	•	•	•	•	•	•	•	•	•
September 4, 2023 (virtual)	•	•	•	•	•	•	•	•	•	•	•	•
November 10, 2023	•	•	X	•	•	•	•	•	•	•	•	•
December 13/14, 2023	•	•	•	•	•	•	•	•	•	•	•	•
Presiding Committee												
February 1, 2023	–	–	–	•	–	•	•	–	–	–	–	•
February 7, 2023 (virtual)	–	–	–	•	–	•	•	–	–	–	–	•
February 23, 2023 (virtual)	–	–	–	•	–	•	•	–	–	–	–	•
March 6, 2023	–	–	–	•	–	•	•	–	–	–	–	•
April 19, 2023	–	–	–	•	–	•	•	–	–	–	–	•
August 10, 2023 (virtual)	–	–	–	•	–	•	•	–	–	–	–	•
September 7, 2023 (virtual)	–	–	–	•	–	•	•	–	–	–	–	•
November 9, 2023	–	–	–	•	–	•	•	–	–	–	–	•
December 13, 2023	–	–	–	•	–	•	•	–	–	–	–	•

Committee	Name of the Supervisory Board member											
	Agnieszka Al-Selwi	Vanessa Barth	Werner Brandstetter	Stephan Brückner	Dr. Roland Busch	Dr. Eckhard Cordes	Rainer Knerler	Frank Lutz	Dr. Silke Maurer	Robert Schuchna	Jörg Sommer	Dr. Bettina Volkens
Audit Committee												
February 8, 2023	–	X	–	–	•	–	–	•	–	–	•	–
March 6, 2023	–	•	–	–	•	–	–	•	–	–	•	–
May 9, 2023	–	•	–	–	•	–	–	•	–	–	•	–
August 10, 2023 (virtual)	–	•	–	–	•	–	–	•	–	–	•	–
November 9, 2023	–	•	–	–	•	–	–	•	–	–	•	–
Strategy Committee												
January 26, 2023	–	–	•	•	–	•	•	•	–	•	–	–
March 30, 2023	–	–	•	•	–	•	•	•	–	•	–	–
June 29, 2023	–	–	•	•	–	•	X	•	–	•	–	–
October 5, 2023	–	–	•	•	–	•	•	•	–	•	–	–
Meeting participation rate for each Supervisory Board member in %	100.00	85.71	92.31	100.00	100.00	100.00	95.45	100.00	100.00	100.00	100.00	100.00
Total meeting participation rate of the members of the Supervisory Board in %	97.79											

• = Participation (in individual cases also virtual or by telephone) X = Excused non-participation – = No members ◊= Attendance as expert guest

In the reporting year, the members of the Executive Board generally attended the meetings of the Supervisory Board unless it was deemed appropriate for the Supervisory Board to discuss individual issues without the participation of the Executive Board. Each Supervisory Board meeting also includes an agenda item providing an opportunity for discussion without participation by the Executive Board.

Topics in the plenary sessions

The current business developments and the situation of the company and the Group were regularly discussed at the meetings of the Supervisory Board. Other key topics discussed by the full Supervisory Board during the financial year included the financial situation, corporate planning, the further development of the Group's strategy, the situation and development in the individual business areas, the 2023 Annual General Meeting, the efficiency program and its implementation, the internal self-evaluation of the Supervisory Board and its committees on the effectiveness of their activities and M&A, in particular the acquisition of Fluor Corporation's industrial services business Stork which was agreed in the reporting year. In the reporting year, the Supervisory Board also dealt intensively with Executive Board personnel and Executive Board remuneration issues, in particular the revision of the Executive Board remuneration system and its implementation. Together with its Audit Committee, the Supervisory Board supported and monitored the issues of ESG, compliance, the compliance management system and the internal control system, in particular their systemic effectiveness and further development.

In detail, the Supervisory Board dealt mainly with the following topics at its individual meetings:

On February 9, 2023, the preliminary results for financial year 2022, including the quarterly announcement as of December 31, 2022 and the outlook for financial year 2023 were addressed.

The Supervisory Board also dealt with the 2023 Annual General Meeting and discussed the Supervisory Board report, the declaration of corporate governance with the corporate governance report and the remuneration report. Other topics discussed at this meeting included Executive Board remuneration, the revised Executive Board remuneration system, M&A issues, the further development of the Group's strategy and the efficiency program.

At its extraordinary meeting on February 21, 2023, the Supervisory Board dealt with Executive Board remuneration and the revised Executive Board remuneration system as well as M&A issues.

On March 7, 2023, the Supervisory Board focused primarily on the annual and consolidated financial statements for 2022, including the non-financial Group declaration 2022, and approved the proposed resolutions to the Annual General Meeting. The Supervisory Board also approved the revised Executive Board remuneration system and, together with the Executive Board, the remuneration report at this meeting. Other topics included the efficiency program and M&A projects.

On April 19, 2023, the Supervisory Board dealt in particular with the efficiency program, business development and M&A issues.

At the meeting on May 10, 2023, the Supervisory Board dealt in particular with the quarterly statement as of March 31, 2023, and the outlook for financial year 2023 as well as the efficiency program, the further development of the Group strategy and M&A issues.

The meeting on August 10, 2023 focused in particular on the half-year financial report and the quarterly statement as of June 30, 2023, the efficiency program, the further development of the Group's strategy, business development, M&A issues and the evaluation and discussion of recommendations for action from the self-evaluation of the Supervisory Board and its committees.

At the extraordinary meeting on September 4, 2023, the Supervisory Board discussed M&A issues in particular.

On November 10, 2023, the Supervisory Board dealt in particular with the quarterly statement as of September 30, 2023, the efficiency program, business development, sustainability and corporate governance issues. In particular, it reviewed the targets for the composition of the Supervisory Board, the declaration of compliance with the GCGC and the adjustment of the presentation in the 2023 remuneration report. The Supervisory Board also dealt with the promotion of training at Bilfinger as well as Executive Board matters.

At the meeting on December 13/14, 2023, the Supervisory Board discussed the 2024 budget and corporate planning for 2025 to 2028, business development, compliance, the advancement of women at Bilfinger, further development of the Group's strategy, information security, the efficiency program and corporate governance as well as Executive Board remuneration topics.

The Supervisory Board also resolved the annual declaration of compliance with the GCGC pursuant to Section 161 of the German Stock Corporation Act (AktG).

The members of the Supervisory Board are responsible for the training and continuing education measures that are necessary for them to perform their duties, such as on changes in the legal framework, and are supported in this by the company, also in terms of costs. Primarily internal training sessions or presentations are generally conducted at meetings on current topics and legal changes of particular relevance to the Supervisory Board, such as developments in the areas of corporate governance and ESG in the reporting year. The members of the Supervisory Board are still connected to Bilfinger's system for regular online training on compliance issues.

Work of the committees

The Supervisory Board of Bilfinger SE had five committees in the reporting year: a Presiding Committee, an Audit Committee, a Strategy Committee, a Nomination Committee and a Special Committee. The Special Committee has been suspended since mid-May 2021. The current composition of the committees is presented in the Chapter *D.5 Boards of the Company*. The meetings and resolutions taken by the committees, especially the meetings of the Audit Committee, Presiding Committee and Strategy Committee, were, depending on the topic, prepared through reports and other information from the Executive Board. The chairmen of the committees reported on the activities and meetings of the committees at the subsequent meeting of the Supervisory Board.

Presiding Committee

In addition to the Chairman of the Supervisory Board and the Deputy Chairman (who are also the Chairman and Deputy Chairman of the committee), this committee comprises one further shareholder representative and one further employee representative. The duties of the Presiding Committee include, in particular, dealing with Executive Board personnel and remuneration matters, including conflicts of interest. Insofar as these issues are to be dealt with by the full Supervisory Board in accordance with the AktG or the recommendations of the GCGC, the Presiding Committee prepares the topics for the meetings of the full Supervisory Board and makes recommendations for appropriate resolutions.

Six ordinary meetings and three extraordinary meetings of the Presiding Committee were held in the financial year 2023. Five sessions were held in the form of a face-to-face session (with the possibility of participation in virtual form) and four sessions were held as a virtual session via video conference. The Presiding Committee regularly and thoroughly dealt with Executive Board remuneration and the review of the Executive Board remuneration system, in particular with regard to the further consideration of ESG targets and the design of the LTI. The revised Executive Board remuneration system was approved by the Annual General Meeting on April 20, 2023.

The Presiding Committee also dealt intensively with the topics of Executive Board personnel and succession planning as well as other Executive Board topics, including the allocation of responsibilities.

Audit Committee

The Audit Committee consists of two shareholder representatives and two employee representatives. The Chairman of the Committee, Mr. Frank Lutz, and the Audit Committee member Dr. Roland Busch both meet the statutory requirements for expertise in the field of accounting and auditing. Consequently, Mr. Frank Lutz and Dr. Roland Busch have special knowledge and experience in the application of accounting principles and internal control and risk management systems as well as in the auditing of financial statements, including sustainability reporting and the auditing of such reporting.

The Audit Committee monitors the accounting, the accounting process as well as the appropriateness, functionality and effectiveness of the internal control system, the risk management system – including ESG risks – and the audit system. It also deals with compliance issues and the compliance management system. Auditing issues and auditors are also within the scope of the Audit Committee. The Audit Committee prepares the agreements with the auditor and takes appropriate measures to establish and monitor the auditor’s independence. The Audit Committee regularly assesses the quality of the audit of the consolidated financial statements. The Audit Committee also supports the Supervisory Board in monitoring compliance with regulatory requirements in the ESG area and is responsible for the preliminary review of the non-financial Group declaration for the Supervisory Board.

The Audit Committee convened for five regular meetings in the past financial year. One of these was held as a virtual meeting via video conference and all other sessions were held in the form of a face-to-face meeting (with the option to participate in virtual form). The committee dealt in particular with the annual and consolidated financial statements for 2022 together with the combined management report, the quarterly statements and the half-year financial report for 2023. Representatives of the auditor participated in all meetings of the Audit Committee and reported in detail on the results of the audit of the individual and consolidated financial statements 2022, the auditor's review of the half-year report as of June 30, 2023, and on the significant findings and statutory amendments and developments in the area of accounting and auditing for the work of the Audit Committee. The Chairman of the Audit Committee also met individually with the member of the Executive Board and CFO outside the committee meetings and discussed, among other things, the annual financial statements, the interim financial reports and additional finance topics with him. The Audit Committee generally considered it necessary for the member of the Executive Board and CFO to attend the meetings, in particular those with the auditors. Since the middle of financial year 2022, in accordance with the recommendations of the GCGC, each Audit Committee meeting has also included an agenda item providing an opportunity to consult with the auditors without the presence of the Executive Board. The Chairman of the Committee also regularly discussed the progress of the audit with the auditor outside the meetings and reported to the Committee on this item.

The Audit Committee examined the independence of the auditor and recommended to the Supervisory Board that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Mannheim branch, be proposed to the 2023 Annual General Meeting for election as auditor. The Audit Committee is not aware of any reasons to doubt the external auditor's impartiality. The Committee issued the audit assignment to the auditor elected by the Annual General Meeting for financial year 2023, defined the focus of the audit, and reached agreement on the fees. It also reviewed and approved the non-audit services to be provided by the auditor, insofar as these were consistent with the established guidelines and other requirements. The committee also ensured compliance with the fee limit for such services.

The Audit Committee was informed about the development of the risk situation and the control systems through quarterly reports from Group Accounting, Controlling & Tax, Group Internal Audit & Investigations, Group Compliance and Group Internal Control Systems as well as through an annual report from Group HSEQ and Group Project Audit, some of which were also presented to the full Supervisory Board. The Audit Committee also received regular reports on the activities of Group Internal Audit & Investigations (including Group Books & Records Audits, Group Project Audit and Group Investigations), Group Compliance and Group Internal Control Systems and discussed these topics. The Audit Committee reviewed the functionality of the internal control system and the risk management system in relation to the accounting process. It is of the opinion that the internal control system, the internal auditing system and the risk management system including the risk early warning system meet the legal requirements. The Audit Committee accompanies the implementation of improvement measures and will ensure that the ongoing development of these systems remains a priority in the future. The focus in the reporting year remained on current and future regulatory requirements for sustainability reporting and their implementation, including EU Taxonomy. In internal training sessions, representatives of the auditor and Group Tax employees informed the members of the Audit Committee regarding ESG/CSRD/EU Taxonomy and the new global minimum taxation regime.

The Audit Committee dealt in particular with questions of compliance in detail and on a regular basis. The Chief Compliance Officer regularly reported to the committee on his activities as well as on the status of the compliance management system and its further development. He was also in personal contact with the Chairman of the Audit Committee during the reporting year. The Audit

Committee was also informed at all meetings regarding development in risks arising from legal disputes.

Nomination Committee

In line with the recommendation of the GCGC, the Supervisory Board has formed a Nomination Committee. The committee consists of the Chairman of the Supervisory Board (as Committee Chairman) and two other shareholder representatives and recommends suitable candidates to the Supervisory Board for its proposals for the election of Supervisory Board members to the Annual General Meeting. The Nomination Committee did not meet in financial year 2023.

Strategy Committee

The Strategy Committee consists of the Chairman of the Supervisory Board (as Chairman) and five other members of the Supervisory Board and has equal representation. It accompanies the corporate strategy and principles of Group organization (with the exception of personnel issues), including their fundamental implementation. In terms of the fundamental matters of corporate strategy, it prepares any potential resolutions of the Supervisory Board and should formulate relevant recommendations for the Supervisory Board. It is also responsible for the decisions on legal and other transactions subject to approval that were assigned to it.

The Strategy Committee convened four times in financial year 2023. All meetings were conducted as face-to-face meetings with the possibility of participation via video conference. At its meetings in the reporting year, the Strategy Committee dealt in particular with the further development of the Group strategy and the individual segments with the regions and divisions allocated to them as well as the M&A strategy. Moreover, the Committee dealt in detail with selected transaction projects and legal transactions requiring approval, in particular major projects and contracts.

Corporate governance and declaration of compliance

In financial year 2023, the Supervisory Board dealt in detail with questions of corporate governance and with the requirements of the GCGC.

In accordance with the recommendations of the GCGC and in consultation with the Executive Board, the Chairman of the Supervisory Board again sought a dialogue with investors in appropriate situations in the 2023 financial year.

On December 15, 2023, the Executive Board and Supervisory Board jointly issued the annual declaration of compliance with the GCGC pursuant to Section 161 AktG. The current joint declaration of compliance from the Executive Board and the Supervisory Board as well as the previous declarations are available on the company's website for a period of at least five years under https://www.bilfinger.com/investoren/corporate-governance/dcgk-entsprechenserklaerungen/. In addition, the Executive Board also reports in detail on corporate governance at Bilfinger for the Supervisory Board in Chapter *A.4.1 Declaration of corporate governance and corporate governance report*.

In the reporting year, no conflicts of interest of members of the Executive Board or Supervisory Board arose that would have had to be disclosed to the Supervisory Board without delay.

In the reporting period, there were no related-party transactions subject to disclosure requirements in accordance with Section 111a Subsection 1 Sentence 2 and Section 111b Subsection 1 AktG.

Self-assessment

In accordance with the recommendations of the GCGC, the Supervisory Board conducts regular reviews, at least every two years, of the effectiveness of the work of the full Supervisory Board and the committees (so-called efficiency reviews), alternating between internal and external audits. In the reporting year, the Supervisory Board conducted a regular internal evaluation of the efficiency of its activities and those of its committees. The Supervisory Board members completed relevant online questionnaires which reflected the current requirements of the statutory regulations and the GCGC and contained questions on all aspects of the Supervisory Board's activities. This involved determining the level of communication, the extent to which the Supervisory Board has established and lives by processes that can be expected to effectively monitor management, and where deficits and potential for improvement can be found. Topics included in particular the preparation and conduct of Supervisory Board meetings, the content and topics of the meetings, cooperation within the committee and with the Executive Board and the auditors.

The efficiency audit conducted by way of a self-assessment of the Supervisory Board and its committees resulted in a positive to very positive opinion on all topics. No fundamental weaknesses were identified. Potential for further optimization of committee work and other committees in individual areas was identified and corresponding measures were introduced. The next (external) self-assessment is scheduled for the 2025 financial year.

Audit of the company and consolidated financial statements

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, branch office Mannheim as appointed auditor, has audited the annual financial statements and the combined management report of Bilfinger SE and the Group prepared by the Executive Board in accordance with the German Commercial Code (*HGB*) for financial year 2023 and has issued them with an unqualified audit opinion. The responsible auditors at PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for Bilfinger is Mr. Dirk Fischer. The consolidated financial statements of Bilfinger SE for financial year 2023 were prepared on the basis of the International Financial Reporting Standards (*IFRS*) as adopted by the European Union and in accordance with Section 315e Subsection 1 HGB. The consolidated financial statements were also issued with an unqualified audit opinion by the auditors. The audit assignment had been issued by the Audit Committee of the Supervisory Board in accordance with the resolution of the Annual General Meeting of April 20, 2023. The aforementioned financial statements, the audit reports of the external auditors and the proposal of the Executive Board on the appropriation of profits were provided to all members of the Supervisory Board in an orderly manner and in good time. The Audit Committee of the Supervisory Board, in preparation for the review and discussion of these documents by the plenary session of the Supervisory Board, discussed the financial statements and the audit reports as well as the proposal on the appropriation of distributable earnings, with the proposal for a dividend distribution, in the presence of the external auditors. In this context, the Audit Committee dealt in particular with the especially important key audit matters described in the Auditor's Report, including the audit treatments undertaken by the auditors. In addition, the Audit Committee had the auditor report on the collaboration with Group Internal Audit & Investigations, Group Accounting, Controlling & Tax, Group Internal Control Systems and others in positions relating to risk management and on the effectiveness of the internal control and risk management systems, in particular with regard to accounting, whereby the auditor stated that no significant weaknesses were found. Against this backdrop and in accordance with its own considerations, the Audit Committee is of the opinion that the internal control system, the internal auditing system and the risk management system, including the risk early recognition system, meet the demands that are made of them, but should be continually optimized. In addition, the Audit Committee discussed with the auditor his audit opinion on the non-financial Group declaration for financial year 2023 of Bilfinger SE which is part of the combined management report.

The Supervisory Board undertook a detailed review of the annual financial statements, the consolidated financial statements and the combined management report of Bilfinger SE and the Group for 2023, as well as the proposal of the Executive Board on the appropriation of distributable earnings – following an explanation of these documents by the Executive Board – and dealt with these matters at its meeting on March 12, 2024. The audit from the Supervisory Board also covered the non-financial Group declaration 2023 of Bilfinger SE. The external auditors, represented by the two auditors who signed the respective audit opinion, also participated in the meeting on March 12, 2024. They explained the audit and responded to questions from the Supervisory Board on the results of the audit as well as its form and scope and, in this regard, went into detail for particularly important key audit matters including the audit treatments that were undertaken. They also discussed with the Supervisory Board the internal control and risk management system, in particular as it relates to the accounting process. The Supervisory Board shares the opinion of the Audit Committee on the effectiveness of these systems, including the pursuit of ongoing improvement. The Supervisory Board was convinced that the audit by the external auditors was conducted in a proper manner. In concurrence with the recommendation of the Audit Committee, the Supervisory Board took note of and approved the results of the audit conducted by the external auditors. Following the final results of the Supervisory Board's own review carried out on this basis, there were no objections made; this applied, in particular, to the declaration of corporate governance and corporate governance report, namely to the extent that its components are to be analyzed by the Supervisory Board alone. At its meeting held on March 12, 2024, the Supervisory Board approved the annual and consolidated financial statements and the combined management report for the 2023 financial year as submitted by the Executive Board. The company's financial statements for financial year 2023 were thus adopted.

The Supervisory Board, in its assessment of the situation of the company and the Group, is in agreement with the assessment made by the Executive Board in its combined management report. The Supervisory Board consents to the proposal of the Executive Board on the appropriation of distributable earnings, particularly with regard to the stringency of accounting and dividend distribution policy, the effects on liquidity, creditworthiness and future financing needs, as well as with consideration of shareholders' interests. In accordance with the recommendation of the Audit Committee, it consents to the Executive Board's proposal for the appropriation of distributable earnings and to the proposed dividend distribution.

In addition, the auditor, following the relevant commissioning by the company, voluntarily reviewed the accuracy of the content of the remuneration report 2023 and issued an unqualified audit opinion. At its meeting on March 12, 2024, the Supervisory Board examined the remuneration report in detail in the presence of the auditor and decided, together with the Executive Board, to approve the report. The remuneration report 2023 will be submitted to the Annual General Meeting 2024 for approval and will be available on the company's website at https://www.bilfinger.com/en/investors/corporate-governance/remuneration-executive-and-supervisory-boards/ for a period of 10 years.

Executive Board personnel matters

There were no changes to the Executive Board in the reporting year. Dr. Thomas Schulz (Chairman of the Executive Board and CEO) and Mr. Matti Jäkel (Member of the Executive Board and CFO) continued to form the Executive Board in the reporting year.

Supervisory Board personnel matters

The composition of the Supervisory Board remained unchanged from the previous financial year. Dr. Eckhard Cordes (Chairman), Dr. Roland Busch, Mr. Frank Lutz, Dr. Silke Maurer, Mr. Robert Schuchna and Dr. Bettina Volkens represent the shareholders on the Supervisory Board. The employee representatives on the Supervisory Board are Mr. Stephan Brückner (Deputy Chairman), Ms. Agnieszka Al-Selwi, Ms. Vanessa Barth, Mr. Werner Brandstetter, Mr. Rainer Knerler and Mr. Jörg Sommer. The assessment of the members of the Supervisory Board, in particular the shareholder representatives regarding their own independence, taking into account the ownership structure, can be found in Chapter *A.4.1 Declaration of corporate governance and corporate governance report.* The duration of each person's membership in the Supervisory Board can be found in Chapter *D.5 Boards of the company*. The current members of the Supervisory Board are, as a whole, familiar with the sector in which the company operates.

Thanks to Executive Board and employees

The Supervisory Board would like to thank the members of the Executive Board and all employees for their active commitment and constructive cooperation in the past fiscal year.

Adoption of this report

The Supervisory Board adopted this report at its meeting on March 12, 2024, in accordance with Section 171 Subsection 2 AktG.

For the Supervisory Board

Dr. Eckhard Cordes
Chairman of the Supervisory Board
Mannheim, March 12, 2024

A.4 Corporate Governance

A.4.1 Declaration of corporate governance with corporate governance report

In the following declaration of corporate governance issued in accordance with Sections 289f and 315d of the German Commercial Code (HGB), the Executive Board and the Supervisory Board also report on the company's corporate governance in reporting year 2023 in accordance with Principle 23 of the German Corporate Governance Code in the version dated April 28, 2022 (*GCGC*). The explanations apply to both Bilfinger SE and the Bilfinger Group, unless presented otherwise.

The declaration of corporate governance with the corporate governance report is also available on the company's website at https://www.bilfinger.com/en/investors/corporate-governance/declaration-of-corporate-governance/. This and previous versions of the declaration of corporate governance are available for at least five years in accordance with the GCGC.

Declaration from the Executive Board and the Supervisory Board of Bilfinger SE on the recommendations of the "Government Commission German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (AktG)

Updating the declaration of conformity dated December 15, 2021, the following is declared:

Bilfinger SE complies with all recommendations of the German Corporate Governance Code as amended on April 28, 2022 ("*GCGC*") and published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), has complied with them and will continue to comply with them in the future, with the following exceptions:

- Recommendation A.1 sentence 1 regarding the systematic identification and assessment of risks and opportunities for the company associated with social and environmental factors, as well as the ecological and social impact of the company's activities has been and is being complied with in accordance with the applicable legal provisions. The identification, assessment and management of non-financial risks and opportunities are generally integrated into Bilfinger's established risk management system. In addition, Bilfinger is working – also with a view to foreseeable future legislative requirements – on further systematic processing of the corresponding opportunities and risks that are material for Bilfinger, which will be implemented in accordance with legislative development and the recommendation.
- Recommendation A.1 sentence 2 regarding the appropriate consideration of environmental and social objectives in the corporate strategy was complied with to a limited extent until the adoption and publication of the revised strategic plan with sustainability and corresponding objectives as an integral component in the first quarter of 2023. Since then, Bilfinger SE has fully complied with the recommendation and will continue to do so in the future.

- Recommendation A.1 sentence 3 regarding the appropriate consideration of environmental and social objectives in corporate planning has been and will be complied with to a limited extent. On the basis of the revised strategy adopted in the first quarter of 2023, corresponding sustainability-related targets and measures for implementation will be explicitly integrated into corporate planning and the recommendation will be fully complied with from then onwards.
- In addition, Bilfinger complied and continues to comply in part with recommendations A.3 sentences 1 and 2, according to which the internal control system and the risk management system should also cover sustainability-related objectives, including the processes and systems for recording and processing sustainability-related data. Bilfinger has an established risk management system and internal control system in accordance with the applicable legal requirements. The aspects of the sustainability-related objectives have already been partially implemented in the risk management system in particular. Full process and system coverage of the sustainability objectives relevant to Bilfinger in accordance with recommendation A.3 sentences 1 and 2 is intended and a corresponding project is being implemented; finalization of which is planned until 2024. From this point on, the recommendations will be fully complied with.
- Recommendation G.6 was not followed insofar as it relates to the fact that the long-term variable remuneration component (*long-term incentive, LTI*) of the Executive Board remuneration being formally based on a long-term oriented target. The LTI in accordance with the Executive Board remuneration system resolved by the Supervisory Board on February 9, 2021, which was approved by the 2021 Annual General Meeting of Bilfinger SE (*Remuneration System 2021*) and which forms the basis for the currently valid agreements of the Executive Board members, is designed as a performance share plan with a one-year performance period, under which the target achievement of the relevant performance target ROCE is determined after one year. According to the determined target achievement, the Executive Board members receive a value-equivalent number of Bilfinger shares or the corresponding cash amount with the obligation to purchase Bilfinger shares. These shares must then be held for three years. The LTI thus has a total term of four years and a corresponding long-term orientation, but the performance target is formally only one year. By combining a one-year performance target with an obligation to hold shares for several years, this structure ensures a transparent incentive effect for Executive Board members, which is oriented towards the long-term welfare of the Company and the interests of shareholders. In the opinion of the Supervisory Board, this structure – also taking into account the situation of the Company and the market as a whole – has been in the interest of the Company and has supported the implementation of the growth strategy. Irrespective of this, on March 7, 2023, the Supervisory Board resolved to update the Executive Board remuneration system, which was approved by the 2023 Annual General Meeting (*Remuneration System 2023*). The LTI under the Remuneration System 2023 is still designed as a performance share plan, but has a three-year performance period followed by a one-year share purchase and shareholding obligation. The achievement of defined targets for total shareholder return in relation to a peer group, cash conversion and ESG targets is measured over the performance period. This design of the LTI is in line with recommendation G.6. The members of the Executive Board have agreed to a conversion of their Executive Board member's agreements to the Remuneration System 2023 with effect from January 1, 2024. Thus, recommendation G.6 will be fully complied with from January 1, 2024.

- Furthermore, recommendation G.7 sentence 1 was not and will not be followed with respect to the linking of remuneration components to specific targets in advance regarding the possibility of special payments at the reasonable discretion of the Supervisory Board. This allows the Supervisory Board, in exceptional cases, to make such a payment in recognition of and as a further incentive for outstanding, extraordinary successes or individual achievements by a member of the Executive Board that are significantly beneficial to the Company and bring the Company future-related benefits. In this context, a corresponding special payment is subject to a strict obligation to justify it and is limited in that, as part of total remuneration, it is subject to the appropriateness requirement and the maximum remuneration cap.
- In addition, recommendation G.7 sentence 1 on setting the performance criteria for all variable remuneration components before the start of the financial year was not followed with regard to the economic performance targets to be set for the *short-term* variable remuneration component *(STI*) for 2023 and the economic performance target for the LTI for the 2023 financial year or tranche. It was not possible to set these targets for the 2023 variable remuneration components by the end of 2022 due to the impact of the efficiency program launched at the end of 2022 on the 2023 budget planning. The planning process could only be completed and the targets set in the first quarter of 2023. The performance criteria for all variable remuneration components (STI and LTI) for the 2024 financial year and tranche were set before the end of the 2023 financial year in accordance with recommendation G.7 sentence 1. Bilfinger SE thus now complies with recommendation G.7 sentence 1 and the Supervisory Board intends to continue to comply with this recommendation in the future.

Mannheim, December 15, 2023

For the Supervisory Board	For the Executive Board
Dr. Eckhard Cordes	Dr. Thomas Schulz

This Declaration of Compliance is also published on the company's website at https://www.bilfinger.com/en/investors/corporate-governance/gcgc-declarations-of-compliance/ and is updated when changes occur as well as independent of any changes at least once a year. This and previous versions are available for at least five years in accordance with the GCGC.

Significant principles and practices of good governance

Within the scope of our activities on behalf of the company, we observe the generally recognized principles of responsible corporate governance. For Bilfinger, corporate governance most importantly means ethically and legally responsible behavior toward shareholders, employees, business partners, society and the environment. It determines the actions of our executives and the management and supervisory bodies of Bilfinger SE in particular and, according to general understanding, encompasses the entire system of management and supervision of a company, including its organization and management, its business principles and guidelines as well as the internal and external control and monitoring mechanisms. A comprehensive and transparent corporate governance ensures the responsible, value-oriented and sustainable management and control of the company and is therefore a top priority for Bilfinger. It forms the basis of our decision-making and control processes. It forms the foundation for sustainable business success and fosters trust among our shareholders, customers, employees, business partners and the financial markets.

German Corporate Governance Code

The GCGC contains principles, recommendations and suggestions for the Executive Board and the Supervisory Board that are intended to ensure the company is managed in its own best interests. Bilfinger supports the goal set out by the GCGC of enhancing the transparency and comprehensibility of the dual German corporate governance system and fostering trust among national and international investors, customers, employees as well as the public and other stakeholders in the management and supervision of German listed companies. Bilfinger SE complies with the recommendations of the GCGC, barring the exception listed in the above declaration issued in accordance with Section 161 AktG. Bilfinger SE also fulfills the non-binding suggestions of the GCGC.

Principles of our actions and Code of Conduct

Our corporate practices are shaped by integrity, fairness, transparency and appreciation, both internally with employees and externally with business partners and the general public. Responsible corporate governance for us means actively implementing and practicing the legal requirements as well as recommendations that generally go beyond these, in particular those of the GCGC, the provisions of the Articles of Incorporation of Bilfinger SE as well as our internal Group Policies, principles and processes.

We take responsibility for our business activities, which we align with Group-wide standards. They are based on our corporate values as they are laid out in our Mission Statement, Group Principle, the Group Statement of Principles on Human Rights and the Group Principles. To achieve a lastingly stable and thus sustainable company success on this basis, it is our goal that our business activities are also aligned with the needs of people, the environment and society. For further information, please also refer to the chapter *B.5 Non-financial Group declaration.*

We have defined the most important principles in our Code of Conduct, which provides all employees of Bilfinger SE and the Group with binding orientation for responsible, compliant and proper conduct in daily business. It serves as a blueprint for ethical-legal values and obligations in the company and incorporates fundamental principles and binding rules for the way we conduct ourselves within the company and the way we interact with each other and with customers, business partners and the public. In addition to the general principles of behavior, the Code of Conduct also includes rules related the handling of conflicts of interest and prohibits corruption and discrimination of any kind. The individual topics are substantiated through relevant topic-specific Group Policies. The Code of Conduct and the substantiated Group Policies are regularly reviewed and adjusted for current needs and developments and are binding for members of the company’s boards and all employees worldwide. The Code of Conduct, one of the most important components of our corporate governance, is available on the website at https://www.bilfinger.com/en/about-us/sustainability-at-bilfinger/governance/.

The German Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains (Supply Chain Due Diligence Act), which took effect on January 1, 2023, obliges companies based in the Federal Republic of Germany and their subsidiaries to establish structures and processes to ensure that human rights are also fully assured at all times in supply chains. In this connection, the Executive Board of Bilfinger SE adopted a *Statement of Principles on Human Rights* in 2022. This Statement is binding throughout the Group and is published on the company's website at https://www.bilfinger.com/en/about-us/sustainability-at-bilfinger/governance/. This declaration is classified as an overriding governance document together with the Bilfinger Code of Conduct. It outlines the procedures with which Bilfinger complies with its obligations under the Supply Chain Due Diligence Act. It also explains human rights and environmental risks that are a priority for the company and formulates clear human rights-related and environmental expectations for Bilfinger employees and the Group's suppliers throughout the supply chain. For further information, please also refer to the Chapter *B.5.4.3 Human rights, labor rights and sustainable supply chain.*

We are also a member of the United Nations Global Compact, an international association of companies and organizations. Its members have committed themselves, within their scope of influence and on the basis of 10 principles of ethical business activity, to, among other things, supporting human rights, fighting discriminatory labor and social practices, improving environmental protection, expanding the use of environmentally friendly technologies and advocating against corruption in all its forms.

Transparency

Bilfinger SE informs participants in the capital market and those members of the general public who are interested promptly, regularly and adequately regarding the economic situation of the Group and new relevant facts. The Annual Report, the half-year report and all quarterly statements are published in due time on the legally designated platforms and, in addition, on the company's website. In addition, press releases or, when required by law, ad-hoc announcements provide information on current events and developments. More extensive information on the Group can be found at https://www.bilfinger.com/en/. All scheduled dates for important recurring publications or events, such as the Annual General Meeting, Annual Report, quarterly statements, interim report or Capital Markets Day, are summarized in a financial calendar and are also available on the website.

In accordance with Recommendation A.6 of the GCGC, the Chairman of the Supervisory Board is also prepared, where necessary and in consultation with the Executive Board, to conduct discussions with investors on topics specific to the Supervisory Board.

Compliance and basic features of the compliance management system

Integrity, legal responsibility and compliance are inseparable from our daily business operations. Our objective is to ensure that all employees worldwide always fulfill their tasks in accordance with all applicable laws, internal governance rules, in particular the Group Policies, internationally recognized standards of behavior and – accepted – voluntary commitments. Because we never compromise on integrity, compliance and safety. Our comprehensive Bilfinger compliance management system pursues the objective of preventing compliance violations through preventive measures, recognizing early any type of misconduct and, in the case of confirmed violations, reacting quickly and consistently punishing misconduct.

To firmly and sustainably establish the compliance management system in the company, we rely on clear and comprehensive compliance governance, which is understood and internalized by our employees, and on the smooth interaction of all control functions within the company.

The supporting of Group units through compliance managers, training courses and regular internal communication ensures that all employees are familiar with the Code of Conduct and all relevant compliance Group Policies, including their amendments and updates. In addition, a Compliance Help Desk offers a central point of contact for comprehensive advice for all employees on compliance-related issues. We have also embedded relevant compliance controls in our internal control system. All of our employees are required to report possible compliance violations. Such reports can also be made anonymously through the whistleblower system, which is not only available internally, but also to external third parties. Internal whistleblowers are particularly protected against reprisals. Information provided as well as other possible violations of compliance rules are carefully reviewed as part of our internal investigation process to determine and prove possible misconduct. Any indications of particularly serious compliance violations are assessed by an independent, cross-departmental committee (*Independent Allegation Management Committee*). A separate committee (*Disciplinary Committee*) sanctions proven misconduct and ensures the consistent application of sanctions. Findings from the internal investigations are used to continually improve the compliance management system with regard to the effectiveness of processes and controls. To manage and monitor the organization as well as the implementation and further development of the entire Bilfinger compliance management system, there is a Compliance Review Board. This body consists of the members of the Executive Board as well as the heads of the group departments and convenes under the chairmanship of the Chief Compliance Officer. Group Internal Audit & Investigations verifies the implementation of the compliance management system and the implementation of the compliance Group policies within the scope of internal audits in the individual Group units.

We formulate clear compliance requirements also for our business partners, because integrity and compliant behavior are a vital precondition for any relationship to proceed in a spirit of trust. For this reason, we work to ensure, in the selection of our direct business partners, that they comply with the laws, follow ethical principles and also operate this way in the supply chain. We apply a risk-based due diligence process to audit our business partners before entering into a business relationship. For certain third parties classified as very risky, there are also, in individual cases, audits conducted during the business relationship and controls by Group Internal Audit & Investigations.

The appropriateness and effectiveness of the Bilfinger compliance management system is continuously reviewed and optimized by us to ensure that regulatory requirements, market changes and the needs of our customers are taken into account. The continuing effectiveness of the Bilfinger compliance management system is a top priority for Bilfinger.

Description of the working methods of the Executive Board and Supervisory Board as well as the composition and working methods of their committees

Bilfinger SE is a European stock corporation headquartered in Germany and is subject in particular to the special European SE regulations and the German law on implementing a European Company as well as the German SE Employee Involvement Act. It has a dual management and control structure consisting of the Executive Board and the Supervisory Board. The two boards work in close cooperation for the benefit and in the interest of the company. The tasks and authorizations as well as the requirements for their working methods and composition are mainly based on the SE Regulation, the SE Implementation Act, the German Stock Corporation Act, the Articles of Incorporation of Bilfinger SE and the Rules of Procedure of the boards of the company. The Articles of Incorporation as well as the Rules of Procedure for the Supervisory Board are also published on the company's website under https://www.bilfinger.com/en/investors/corporate-governance/articles-of-incorporation/. The third corporate body is the Annual General Meeting, which is responsible in particular for fundamental decisions in accordance with statutory regulations.

Executive Board

The *members of the Executive Board* are appointed by the Supervisory Board. Throughout the reporting year, the Executive Board consisted of two members, Dr. Thomas Schulz (Chairman of the Executive Board and CEO) and Matti Jäkel (Member of the Executive Board and CFO). Information on the responsibilities and memberships of the members of the Executive Board can be found in section *D.4 Boards of the Company*. The curricula vitae of the members of the Executive Board are available on the website at https://www.bilfinger.com/en/about-us/management/executive-board/.

The Executive Board manages the company in its own responsibility in the interests of the company, which means that the interests of shareholders, employees, business partners, other groups affiliated with the company, including the public, with the aim of sustainably increasing enterprise value. It represents the company to third parties.

The members of the Executive Board are jointly responsible for the overall management of the company. The responsibilities of the Executive Board include fundamental issues of business policy and corporate strategy, including the sustainability strategy, corporate planning, its implementation, information and coordination with the Supervisory Board as well as the management and monitoring of the operating Group units and businesses of Bilfinger SE and the Bilfinger Group. The Executive Board ensures that the risks and opportunities for the company associated with social and environmental factors and the ecological and social impact of the company's activities are systematically identified and assessed in accordance with relevant legal requirements. In addition to long-term goals, the corporate strategy also takes environmental and social goals into account to a sufficient degree. Information on sustainability at Bilfinger can be found on the company's website at https://www.bilfinger.com/en/about-us/sustainability/ and in section *B.5 Non-financial Group Declaration.*

The Executive Board is also responsible for preparing the company's quarterly statements and half-year financial report as well as for preparing the annual and consolidated financial statements and the combined management report for the company and the Group. The Executive Board prepares the remuneration report together with the Supervisory Board. It must also establish an adequate and effective internal control system and risk management system. In the management report, a description of the main features of these systems is provided and an opinion on their adequacy and effectiveness is expressed. Unless already required by law, these systems should also cover sustainability-related objectives. This should include the processes and systems for recording and processing sustainability-related data. The systems also include a compliance management system that is aligned with the company’s risk situation. The compliance management system’s basic features are described in the preceding section *Compliance and basic features of the compliance management system.* Overall, the Executive Board ensures compliance with statutory provisions and internal governance rules in the company (*compliance*).

The members of the Executive Board base their actions on the legal requirements, the Articles of Incorporation, the Rules of Procedure for the Executive Board and the Schedule of Responsibilities as well as on the other relevant regulations. The Supervisory Board has issued Rules of Procedure for the Executive Board which contain the rules of cooperation within the Executive Board and between the Executive Board and the Supervisory Board. Furthermore, in accordance with the Schedule of Responsibilities approved by the Presiding Committee of the Supervisory Board, the members of the Executive Board are each assigned specific areas to manage independently. They take joint responsibility for the management of the company, however. In addition, the Chairman of the Executive Board coordinates the work of the Executive Board and of Executive Board members. The resolutions of the Executive Board are made primarily in the regular Executive Board meetings. They may, however, also be made in extraordinary Executive Board meetings, in written procedures or through other methods of communication.

For certain transactions and actions, including measures and transactions of an Executive Board member, which are of exceptional importance for the company or which involve an exceptional economic risk, the Executive Board Rules of Procedure or through self-defined approval requirements defined by the Executive Board itself require a resolution by the full Executive Board. Approval from the Supervisory Board or one of its committees is also required for particularly significant actions and transactions in accordance with the Articles of Incorporation and Rules of Procedure, to the extent that statutory provisions do not already require the approval of the Supervisory Board. This includes, among other things, the fundamental determination and basic changes to the corporate strategy as well as the Group organization, the addition of new business segments or the discontinuation of existing business segments, the Group budget, the purchase and sale of investments above a certain volume, operational, particularly high-volume projects with a certain risk structure as well as entering into long-term financial commitments and the issue of bonds.

At regular intervals, the Executive Board the Supervisory Board or its relevant committee reports comprehensively on all issues of relevance for the Bilfinger Group, the strategy of the business units including the sustainability strategy, the corporate planning, profitability, business development and the financial position of the company as well as on the internal control system, the risk management system and the compliance system.

In reporting year 2023, 20 Executive Board meetings (thereof four extraordinary meetings) were convened. The Executive Board has not formed any own committees. It did, however, establish the Group Executive Management (GEM), a management team tasked with advising and supporting the Executive Board on operational and strategic issues facing the Group. The committee discusses and develops topics that the Executive Board assigns and, where relevant, prepares them for discussion and possible decision by the Executive Board. In addition to the members of the Executive Board, the GEM comprises the heads of the three segments (Engineering & Maintenance Europe, Engineering & Maintenance International, Technologies), heads of Products & Innovation, HR & HSEQ and Group Procurement. 10 GEM meetings were held in the 2023 reporting year.

With regard to the composition of the Executive Board, it is incumbent on the Supervisory Board to prepare a diversity concept pursuant to Section 289f Subsection 2 No. 6 HGB. This is described in greater detail in the section *Diversity concept for the Executive Board and long-term succession planning*.

The members of the Executive Board are subject to a comprehensive non-competition clause during their period of employment; employment contracts also provide for a post-contractual non-competition clause for a specified period. The members of the Executive Board are obligated to act in the interests of the company and may not pursue any personal interests in their decisions, in particular they may not take personal advantage of any of the company's business opportunities. They may only take on outside activities, in particular directorships, with the approval of the Presiding Committee of the Supervisory Board or the Supervisory Board. Any remuneration for secondary activities within the Group is offset against the remuneration of the Executive Board. The Supervisory Board is responsible for deciding on the inclusion of remuneration for secondary activities outside the Group. Each member of the Executive Board is obligated to disclose any conflicts of interest to the Chairman of the Supervisory Board without delay and to inform the other members of the Executive Board accordingly.

Details of the remuneration of the Executive Board members can be found in the remuneration report. The remuneration report for the last financial year, the respective auditor's report in accordance with Section 162 AktG as well as the current remuneration system for members of the Executive Board in accordance with Section 87a (1) and (2) sentence 1 AktG are published – to the extent required by law and available – on the company's website at https://www.bilfinger.com/en/investors/corporate-governance/remuneration-executive-and-supervisory-boards/.

Supervisory Board

In accordance with Article 8 of the Articles of Incorporation, the Supervisory Board of Bilfinger SE consists of 12 members, six of whom are representatives of the shareholders and six of whom are employee representatives. The shareholder representatives are elected by the Annual General Meeting. It is thereby incumbent on the Supervisory Board, in accordance with Section 124 Subsection 3 Sentence 1 AktG, to propose candidates to the Annual General Meeting. The appointment of the employee representatives is carried out by the SE Works Council in accordance with the agreement on employee participation reached between company management and the European employee representatives on July 15, 2010. With regard to the appointment of those members to be appointed by the SE Works Council, the Supervisory Board has no right to make proposals; it is – as is the case for the Annual General Meeting as well – not involved in the selection procedure for the employee representatives in the Supervisory Board. Members of the Supervisory Board all have the same rights and obligations and are not bound by instructions or orders.

The Supervisory Board advises and monitors the Executive Board in its management of the company and is responsible for the appointment and dismissal of Executive Board members, their employment contracts and remuneration, including the Executive Board remuneration system. At the proposal of the Presiding Committee, it sets targets for the variable remuneration components of the Executive Board's remuneration and their fulfillment in addition to any potential changes and reviews the appropriateness of the overall remuneration together with the remuneration system for the Executive Board on a regular basis. The Supervisory Board is also involved in decisions of fundamental importance to the company and discusses – generally with the Executive Board – business development and planning as well as strategy, including the sustainability strategy, and its implementation at regular intervals. For transactions of fundamental importance or which have been otherwise classified as particularly significant, such as major acquisitions, disposals, capital expenditures and finance measures, the Articles of Association and Rules of Procedure stipulate that approval is required from the Supervisory Board or one of its committees. The Supervisory

Board, taking into account the external auditor and the audit reports submitted by them as well as the proposals of the Audit Committee, also undertakes a detailed examination, as required by law, of the individual financial statements, the consolidated financial statements and combined management report of Bilfinger SE and the Group, the non-financial report as well as of the proposal of the Executive Board on the appropriation of profits. Within the scope of its responsibilities, the Supervisory Board also monitors the company's compliance with legal provisions, official regulations and internal guidelines. The monitoring and advice provided by the Supervisory Board also includes, in particular, sustainability issues relating to the environment, social affairs and corporate governance (*Environmental, Social and Governance, or ESG*). The Strategy Committee and Supervisory Board receive regular reports from the Executive Board on the Group-wide sustainability strategy and the status of its implementation. The Supervisory Board and the Audit Committee also deal with sustainability reporting, which in addition to reporting on non-financial issues in the management report also includes the sustainability report. The Supervisory Board also receives information on new developments and the status of implementation. In general, the Supervisory Board receives reports from the Executive Board at regular intervals on issues provided for by law and other relevant topics. The information and reporting obligations of the Executive Board to the Supervisory Board, its committees and – between Supervisory Board meetings – to the Chairman of the Supervisory Board were defined in greater detail by the Supervisory Board in an information regulation.

The Supervisory Board executes its tasks in accordance with legal requirements, the Articles of Incorporation, its Rules of Procedure and its resolutions. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board. To prepare the Supervisory Board meetings, separate preparatory meetings of the shareholder representatives are held as required and of the employee representatives are held regularly. The Supervisory Board meets regularly on individual topics and situations, also without the Executive Board.

The resolutions of the Supervisory Board are made primarily in Supervisory Board meetings, but can also be made in written procedures or through other methods of communication. Insofar as nothing else is compulsory under the law, Supervisory Board resolutions require the simple majority of votes cast. In the event of a tied vote and a renewed voting which also leads to a tied vote, the Chairman of the Supervisory Board has a casting vote. In financial year 2023, nine meetings (thereof two extraordinary meetings) of the Supervisory Board took place. Which meetings of the Supervisory Board each individual member attended in the reporting year can be viewed in the overview in Chapter *A.3 Report of the Supervisory Board*.

Further details on the working methods of the Supervisory Board can be found in the Rules of Procedure for the Supervisory Board, which are available at https://www.bilfinger.com/en/investors/corporate-governance/articles-of-incorporation/.

Each member of the Supervisory Board must disclose conflicts of interest to the Supervisory Board. Information on conflicts of interest that have arisen and how they are dealt with is provided in the Report of the Supervisory Board. Special on-boarding events are held for new Supervisory Board members to familiarize them with the company's business model and the structures of the Bilfinger Group. The members of the Supervisory Board are responsible for the training and continuing education measures that are necessary for them to perform their duties, such as on changes in the legal framework, and are supported in this by the company. Further information on support for Supervisory Board members during their induction and on training and development measures can be found in Chapter *A.3 Report of the Supervisory Board*.

In accordance with GCGC Recommendation D.12, the Supervisory Board evaluates the efficiency of its activities and those of its committees either internally or with the support of external consultants on a regular basis or at least every two years. In the reporting year, the Supervisory Board reviewed the efficiency of its activities as part of an internal self-evaluation on the basis of written evaluation forms. All essential aspects of the Supervisory Board's work, including its committees, were dealt with. The results of the audit, which the Supervisory Board discussed intensively at its meeting on August 10, 2023, resulted in a positive to very positive opinion on all topics. The results also confirm the professional and constructive cooperation within the Supervisory Board, the committees and with the Executive Board. The composition and structure of the Supervisory Board, including the committee structure, are rated as effective and efficient. Individual suggestions and recommendations for action are implemented on an ongoing basis. Potential for further optimization of the work in the Presiding Committee and other committees in individual areas was identified and corresponding measures were introduced. The next self-assessment of the Supervisory Board and its committees is scheduled for financial year 2025.

The Supervisory Board informs shareholders in detail about its activities as well as its additional reporting obligations in its annual report, which can be found in Chapter *A.3 Report of the Supervisory Board*. The current composition of the Supervisory Board and its committees can be found in Chapter *D.4 Boards of the company*. There, the mandates executed by members of the of the Supervisory Board in the controlling bodies of other companies as well as significant activities beyond the Supervisory Board mandate with the company are listed. The curricula vitae and mandates of Supervisory Board members are published on the company's website at https://www.bilfinger.com/en/about-us/management/supervisory-board/ and are reviewed and, where necessary updated at least annually.

The remuneration of the members of the Supervisory Board is presented in the remuneration report. The remuneration report for the last reporting year, the respective auditor’s report and the last remuneration resolution are published – to the extent required by law and available – on the company's website at https://www.bilfinger.com/en/investors/corporate-governance/remuneration-executive-and-supervisory-boards/.

Supervisory Board Committees

In order to enhance the efficiency of its activities, the Supervisory Board in the reporting year formed a Presiding Committee, an Audit Committee, a Nomination Committee, a Strategy Committee and a Special Committee (currently suspended). With the exception of the Nomination Committee, all committees have equal representation. The Supervisory Board has not established a separate committee for sustainability issues. For Bilfinger, sustainability is a key aspect of the company’s overall business activities - one that is inherent in the individual topics and tasks. For this reason, the relevant topics are dealt with in the plenary session of the Supervisory Board or the relevant committee in accordance with the tasks and responsibilities.

The resolutions of the committees were made primarily in the meetings, but partially also in written procedures or through other methods of communication. The respective Chairmen of the committees reported to the plenary session of the Supervisory Board on the work done in the committees they lead.

Which meetings of the committees each individual member attended in the reporting year can be viewed in the overview in Chapter *A.3 Report of the Supervisory Board*.

Presiding Committee

The Presiding Committee of the Supervisory Board, consisting of four members, includes Dr. Eckhard Cordes (Chairman of the Presiding Committee), Mr. Stephan Brückner (Deputy Chairman of the Presiding Committee), Dr. Bettina Volkens and Mr. Rainer Knerler. The main tasks of the Presiding Committee include, in particular, regulating the personnel issues of the Executive Board and its remuneration, unless the provisions of the German Stock Corporation Act and the GCGC stipulate that they are to be regulated by the plenum of the Supervisory Board, as well as conflicts of interest of Executive Board members. In particular, the Presiding Committee submits proposals for the appointment and dismissal of Executive Board members, including remuneration and changes to remuneration, and is responsible for concluding, amending, extending and terminating employment contracts with members of the Executive Board, unless the Supervisory Board is mandatorily responsible. When making proposals for the initial appointment of members of the Executive Board, the Presiding Committee takes into account the fact that, according to the GCGC, the term of appointment should generally not exceed three years. When proposing candidates for appointment to the Executive Board, the Presiding Committee also takes into account the fulfillment of the diversity concept defined by the Supervisory Board for the Executive Board, including the target set for the proportion of women on the Executive Board and the long-term succession planning (for more information, please refer to the following section *Diversity concept for the Executive Board and long-term succession planning*). The Presiding Committee prepares the relevant resolutions of the Supervisory Board and makes recommendations for important resolutions to the Supervisory Board. In financial year 2023, nine meetings (thereof three extraordinary meetings) of the Presiding Committee took place.

Audit Committee

The Audit Committee, consisting of four members, is comprised of Mr. Frank Lutz (Chairman of the Audit Committee), Ms. Vanessa Barth (Deputy Chairman of the Audit Committee), Dr. Roland Busch and Mr. Jörg Sommer. The members of the Audit Committee are, as a whole, familiar with the sector in which the company operates.

In the year under review, the Audit Committee was comprised of two independent members, Frank Lutz as Chairman and Dr. Roland Busch, who, in accordance with Section 100 (5) of the German Stock Corporation Act (AktG) and in accordance with Principle 15 as well as recommendation D.3 of the GCGC, have expertise in the fields of accounting and auditing based on their training and previous professional activities and have particular experience in the application of accounting principles and internal control and risk management systems as well as sustainability reporting and the auditing of such reporting.

The Chairman of the Audit Committee, Mr. Frank Lutz, has worked for many years as Chief Financial Officer and as a member of the Supervisory Board and Audit Committee as Chairman of the Audit Committee for various companies, including listed companies, and therefore, as a financial expert, has special knowledge and experience in the application of accounting principles and internal control and risk management systems, including sustainability reporting, and also has experience in the field of auditing. His many years as Chief Financial Officer of a listed international company also included dealing with and reporting on non-financial matters. As acting CEO of CRX Markets AG, Mr. Frank Lutz has extensive knowledge of sustainability reporting and auditing requirements, follows current developments in this area, including through internal Supervisory Board training and further education measures at both Bilfinger and Scout24, in particular on ESG and corresponding reporting, and actively contributes this expertise to the Supervisory Board and the Audit Committee.

Given his many years of professional service and experience, including positions as Chief Financial Officer for Lufthansa Cargo AG as well as Swiss International Air Lines Ltd. and as a member of various supervisory boards of various internationally active publicly listed companies as well as his work as a member of the Risk Management Committee of the Lufthansa Group, Dr. Roland Busch as a financial expert has special knowledge and experience in the application of accounting principles and internal control and risk management systems and thus also has expertise in the field of accounting, in-depth knowledge of sustainability reporting and its auditing, and in the field of auditing financial statements. He follows the latest developments in this area, including training in the "External and internal monitoring of the company" working group of the Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. on topics such as ESG audit obligations of the Supervisory Board and actively contributes this expertise to the Supervisory Board and the Audit Committee.

The Audit Committee, in line with statutory requirements, deals with questions related to issues such as accounting and the monitoring of the accounting process, the effectiveness and appropriateness of the internal control system, the risk management system, the internal auditing system and the compliance management system as well as with the audit of the consolidated financial statements. It is responsible for the preliminary audit of the annual and consolidated financial statements and the combined management report of Bilfinger SE and the Group. On the basis of the auditor's report on the audit of the financial statements, the Audit Committee submits proposals for the adoption of the annual financial statements of Bilfinger SE and approval of the consolidated financial statements to the Supervisory Board following its own preliminary review. The Audit Committee is responsible for discussing the quarterly statements and the half-year financial report with the Executive Board and the auditors, and for dealing with the auditors' reports on the review of the consolidated half-year financial statements and the interim Group management report. It deals with the selection as well as the independence qualifications and efficiency of the auditor, issues the audit assignment for the annual financial statements and the consolidated financial statements to the auditor elected by the Annual General Meeting, reaches a fees agreement with the auditor and also reviews the additional services provided by the auditor as well as the quality of the audit. The Audit Committee also supports the Supervisory Board when it comes to monitoring compliance with regulatory requirements and standards in the areas of Environment, Social and Governance (*ESG*). It discusses the non-financial Group declaration with the Executive Board and the appointed auditor prior to its publication and is responsible for commissioning any auditors. It deals with sustainability reporting, including reporting on non-financial topics in the management report. The Audit Committee regularly consults with the auditor, also without the participation of the Executive Board. The Chairman of the Audit Committee also regularly discusses the progress of the audit with the auditor outside the meetings and reports to the Committee on this item. In financial year 2023, five meetings of the Audit Committee took place.

Nomination Committee

In accordance with the recommendation of the GCGC, the Supervisory Board also established a Nomination Committee consisting exclusively of shareholder representatives. The Nomination Committee, which has three members, includes Dr. Eckhard Cordes (Chairman of the Nomination Committee), Robert Schuchna and Frank Lutz. The committee proposes suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of shareholder representatives to the Supervisory Board. On top of the necessary knowledge, skills and professional experience of the proposed candidates, the Committee gives due consideration to the objectives designated by the Supervisory Board for its composition and the adopted diversity concept, including in particular aspects of independence and diversity, while at the same time striving to meet the competence profile. Attention is also paid to the appropriate participation of women and men in accordance with the statutory requirements on gender quotas. The committee did not convene in the 2023 reporting year.

Strategy Committee

The Strategy Committee consists of six members: Dr. Eckhard Cordes (Chairman of the Strategy Committee), Stephan Brückner (Deputy Chairman of the Strategy Committee), Werner Brandstetter, Rainer Knerler, Robert Schuchna and Frank Lutz. The committee accompanies the corporate strategy and Group organization (with the exception of personnel issues), including their fundamental implementation. In this context, it prepares any potential resolutions of the Supervisory Board and should formulate relevant recommendations for the Supervisory Board. In addition, it has responsibility for decisions on assigned legal business and transactions that require approval. The committee convened for four meetings in the 2023 reporting year.

Special Committee

The Special Committee established at the beginning of 2021 consists of four members and has equal representation. The members of the Special Committee are Mr. Frank Lutz (Chairman of the Special Committee), Ms. Vanessa Barth, Mr. Rainer Knerler and Mr. Robert Schuchna. The Special Committee is responsible for monitoring special projects as they arise and preparing relevant topics and resolutions for the full Supervisory Board. The work of the committee has been suspended since mid-2021. Accordingly, no regular meetings of the Special Committee were convened in reporting year 2023.

Equal participation of women and men in executive positions

With regard to the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector and its implementation in Sections 17 (2) SE Implementation Act, 76 (4) and 111 (5) AktG, Bilfinger has set targets for the period up to December 31, 2023 and achieved these as follows.

Management levels 1 and 2 below the Executive Board include employees who, according to the company's previous internal definition, fall under management levels 1 and 1a or management level 2. The Executive Board defined a target of 10 percent women in management levels 1 and 2 of Bilfinger SE by December 31, 2023. On November 26, 2020, the cut-off date for the definition of the target figure, this proportion was 8 percent in management level 1 and just under 5 percent in management level 2. As of December 31, 2023, the proportion of women at management levels 1 was 12 percent and 11 percent at management level 2, meaning that the defined targets were achieved.

The Executive Board has now decided to define a target of at least 20 percent women for management level 1 and a target figure of at least 25 percent women for management level 2 below the Executive Board by December 31, 2026 in accordance with Section 76 (4) AktG. With regard to the new targets, it should be noted that the Bilfinger organizational structure will be adjusted as of January 1, 2024. Based on the redefinition of the organizational levels from the introduction of the functional organization, the structure of the management levels at Bilfinger will be updated. In the new structure, these are defined as management level 1 and management level 2 (below the Executive Board in accordance with the company's internal definition and the modified composition of employees in management positions.

As of December 31, 2023, the share of women according to the redefinition of the functional organization was 20 percent in management level 1 and 17 percent in management level 2. As of December 15, 2020, the Supervisory Board set a target for the proportion of women on the Executive Board of 30 percent by December 31, 2023, i.e., at least one woman on the Executive Board consisting of two or three members.

In the reporting year, the Executive Board consisted of two members, both of whom are men. This target figure was therefore not met.

The non-fulfilment of the target figure is attributable to the following factors: the request by the former CFO Ms. Christina Johansson in mid-2022 to prematurely step down from her position on the Executive Board meant that the position of Chief Financial Officer had to be filled immediately in order to ensure uninterrupted management by the Executive Board. In addition to the target size, additional aspects of the diversity concept had to be taken into account in the search for a successor by the Presiding Committee and Supervisory Board. These included experience, quality and familiarity with the company so that the most suitable person could be found to fill the position in the best interests of Bilfinger. The Presiding Committee conducted an extensive external and internal search and identified a successor in Mr. Matti Jäkel who best fulfilled the requirements of the diversity concept. No equally suitable and available candidates could be found at this time, either externally or internally. Mr. Jäkel was therefore appointed by the Supervisory Board as CFO and successor to Ms. Johansson, thus ensuring that the position was filled without interruption.

The Supervisory Board determined on February 8, 2024 the target figure for men and women on the Executive Board by December 31, 2028 as follows: In the case of an Executive Board with two members, the target figure is zero percent, i.e. no women on the Executive Board. For an Executive Board with three members, the target figure is 33 percent, or at least one woman.

When making future appointments to the Executive Board, the Supervisory Board will continue to incorporate the legislative goal of appointing women and men to the Executive Board as a relevant factor in any decision-making process. As has been the case to date, however, all aspects of the diversity concept for the Executive Board (see section Diversity concept for the Executive Board and long-term succession planning) will also continue to govern the actions of the Presiding Committee and the Supervisory Board when searching for members of the Executive Board and, in individual cases, will take precedence over the mere fulfillment of the target figure to ensure that the best interests of Bilfinger are served. This applies in particular to an Executive Board with only two members, in which all competences that are relevant for the management of Bilfinger must be met by only two people. Specifying a target of more than zero percent would, however, have meant that a woman would have had to be appointed the next time an Executive Board position was filled. At the same time, the Presiding Committee and Supervisory Board must take into account that the current two-member Executive Board is the minimum requirement. In this context, maximum flexibility is required in order to be able to fill a position at short notice if necessary and to ensure the capacity of the Executive Board to act. Last but not least, the industry in which Bilfinger operates, which historically has a very low proportion of women in management positions, must also be taken into account, meaning that the number of potential female candidates remains low. For this reason, the Supervisory Board cannot, at least at present, commit to a higher target than 0 percent for an Executive Board with two members in the interest of the company. [Should there be a female candidate and a male candidate who are equally suitable for a replacement, preference would be given to the female candidate. This notwithstanding, Bilfinger has a strict succession planning and concept for the promotion of women, which is closely monitored by the Presiding Committee and Supervisory Board within the permissible framework. Increasing the proportion of women in management positions is generally taken seriously at Bilfinger and is pursued vigorously. At the same time, the Presiding Committee and Supervisory Board also keep an eye on the market in order to identify and evaluate potential external female candidates.

In addition, the legally required minimum share of women and men in the Supervisory Board was achieved as follows. For the Supervisory Board, the minimum requirement as of December

31, 2022 remains the statutory gender quota of a 30 percent share of women and men. This requirement is met with a 33 percent share of women on the Supervisory Board (4 women, 8 men) as of December 31, 2023 overall and, because the Supervisory Board rejected overall fulfillment, at the same time separately for shareholders and employee representatives (2 women and 4 men each).

Diversity concept for the Executive Board and long-term succession planning

With regard to the composition of the Executive Board of Bilfinger SE, the Supervisory Board has adopted a diversity concept. The objective of the diversity concept for the Executive Board is to ensure that the composition of a strong Executive Board is as diverse and complementary as possible. When selecting members of the Executive Board, the Supervisory Board considers their personal suitability, leadership qualities, international experience and integrity, as well as their professional qualifications. The objective is to ensure that the Executive Board as a whole represents all of the knowledge and experience that is considered essential for Bilfinger. Diversity is therefore also an important selection criteria in terms of factors such as gender as well as educational and professional background when filling positions on the Executive Board. When making decisions on appointments to the Executive Board, the Supervisory Board - as does the Presiding Committee in its preparations - takes the following aspects into particular consideration, whereby the Supervisory Board always assesses all circumstances of the individual case when filling a specific Executive Board position and is guided by the interests of the company:

- The members of the Executive Board should have specific specialist knowledge and many years of leadership and management experience, including in large corporations or groups, and, if possible, possess knowledge and experience from different educational and professional backgrounds.
- In view of the international structure and orientation of the company, the composition of the Executive Board should take into account an international character, also in the sense of different cultural backgrounds or international experience gained through several years spent abroad.
- The Executive Board as a whole should have experience in the business sectors of importance to Bilfinger SE, in particular the process industry. Furthermore, the Executive Board in its entirety should have many years of experience in the areas of technology, services, compliance, finance and personnel management.
- Integrity should be a high priority for each individual Executive Board member.
- The Supervisory Board has defined a target for the proportion of women in the Executive Board. This is described in the section *Equal participation of women and men in executive positions* and is taken into account when filling Executive Board positions.
- In accordance with the recommendation of the GCGC, the Supervisory Board has defined an age limit for members of the Executive Board at the age of 67, which is the statutory retirement age. Deviations from the age limit in individual cases are to be justified. Regardless of this rule, the Supervisory Board pays attention to a sufficient mix of ages among the members of the Executive Board.

Implementation of the diversity concept for the Executive Board

Implementation of the diversity concept for the Executive Board is carried out as part of the Executive Board appointment process. The Supervisory Board and Presiding Committee comply with the requirements of the diversity concept defined for the Executive Board when selecting candidates and making proposals for the appointment of Executive Board members.

The composition of the Executive Board as of December 31, 2023 meets the requirements of the diversity concept with the exception of the target for the share of women.

The two members of the Executive Board, Dr. Thomas Schulz and Mr. Matti Jäkel, have a broad spectrum of knowledge and experience as well as educational and professional backgrounds and possess international experience. The curricula vitae of the current members of the Executive Board can be found in Chapter *A.2 Executive Board of Bilfinger SE* and are available on the company's website at https://www.bilfinger.com/en/about-us/management/executive-board/ where they are reviewed regularly, at least once a year, and updated if necessary. It can be seen from this that the Executive Board of Bilfinger SE with two members has a diverse and experienced composition. The members of the Executive Board have many years of management experience, including in international groups, and bring with them experience from various careers. The Executive Board has the knowledge and experience considered essential in light of the services that Bilfinger provides.

Dr. Schulz in particular has many years of international management experience in publicly-listed industrial groups and in business areas that are important for Bilfinger, and particular expertise in the sustainable positioning of energy-intensive industries – an important sector for Bilfinger in the future.

Mr. Matti Jäkel, an experienced CFO, contributes significantly to the further development of the company with his competence as a business professional and civil engineer and also has many years of management expertise in the company itself.

Compliance and integrity are a top priority for all members of the Executive Board. No Executive Board member has reached the age of 67.

Long-term succession planning for the Executive Board

The Supervisory Board and the Presiding Committee ensure that a long-term personnel and succession planning takes place in the Executive Board and coordinate this also with the Executive Board. In addition to the requirements of the German Stock Corporation Act (AktG), the GCGC and the Rules of Procedure for the Executive Board, particular account is taken of the criteria set out in the diversity concept adopted by the Supervisory Board for the composition of the Executive Board. Here, the Presiding Committee also takes into account the succession planning and talent management data for the subordinate management levels, for which the Executive Board is responsible. Due to the sensitivity of the topic, the corresponding planning process is primarily managed and coordinated in the Presiding Committee. The Presiding Committee deals with the subject of succession planning at least once a year as a focal point as well as when the occasion arises. Potential succession options are examined both internally with the support of the Executive Board and externally, if necessary, with the help of external consultants. Coordination with the Executive Board regarding possible internal successors takes place on a regular basis and also includes support for the possible promotion of potential candidates. Personal suitability, professional qualifications for the position, previous performance and experience, integrity and convincing leadership qualities as well as the ability to adapt business models and processes in a changing world are particularly important criteria for an Executive Board candidate. The Executive Board must, in its entirety, have the knowledge, skills and experience necessary for the orderly performance of its tasks. The Presiding Committee prepares the decisions of the Supervisory Board on the basis of the qualification requirements and the criteria mentioned in particular prepares proposals and recommendations.

Objectives for the composition, competence profile and diversity concept for the Supervisory Board

Pursuant to the recommendation in C.1 of the GCGC, the Supervisory Board should name specific targets for its composition and develop a competence profile including the diversity concept for the entire committee. The GCGC also recommends that proposals from the Supervisory Board to the Annual General Meeting take these objectives into consideration and, at the same time, that the fulfillment of the competence profile for the full Supervisory Board should be pursued. The status of the implementation shall be published in the Declaration of Corporate Governance.

In terms of the composition of the Supervisory Board, it is to be ensured that its members generally have the knowledge, skills and experience necessary for the orderly execution of the office and the tasks associated with it, are in a position to devote the amount of time necessary to perform the duties of a Supervisory Board member and meet the particular requirements laid out by the law and the GCGC for the Supervisory Board, its committees and individual members. The objective of the competence profile for the full Supervisory Board of Bilfinger SE is to provide a qualified control and consultation to the Executive Board and to ensure that the composition of the Supervisory Board is as diverse and complementary as possible so that the Supervisory Board as a whole has the knowledge and experience considered essential in view of Bilfinger's activities. In the event of an upcoming new appointment, a relevant examination will be undertaken to determine which of the necessary and desirable skills on the Supervisory Board should be strengthened.

Bilfinger meets these recommendations and therefore, the Supervisory Board within the framework of the specific situation of the company, in December 2022 updated and in December 2023 confirmed the following goals for its composition, including the competence profile and diversity concept:

Competence profile

- At least two members should possess particular experience from leading positions in industrial or services companies.
- Ideally, three members should have detailed knowledge and experience gained within the company itself.
- The members should, as a whole, be familiar with the sector in which the company operates.

- While at least one independent member of the Supervisory Board is required to have special knowledge and experience in the field of accounting and at least one other member of the Supervisory Board is required to have expertise in the field of auditing, at least two others are required to have special knowledge and experience in business administration. The expertise in the field of accounting shall consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the field of auditing shall consist of special knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and the auditing of such reporting. The Chair of the Audit Committee should have relevant expertise in at least one of the two fields.
- At least two members should, as a result of their international experience, embody to a significant extent the criterion of internationality.
- At least two members should have special experience in the field of human resources and social affairs (*social*).
- The Supervisory Board should, if possible, have, as representatives of the shareholders, three entrepreneurs or personalities who have already acquired experience in the management or monitoring of another medium-sized or large company.
- Overall, the members of the Supervisory Board should have expertise in the sustainability issues of relevance to the company in the areas of environmental, social and governance.
- Integrity should be a high priority for each individual Supervisory Board member.

Independence

- At least three shareholder representatives should be independent of the company, the Executive Board or a controlling shareholder, as defined in the provisions of C.6 ff GCGC. , In this regard, at least four shareholder representatives should be independent of the company and the Executive Board, which means that they should not have any personal or business relationship that could give rise to a material and not merely temporary conflict of interest, or they shall have been members of the Supervisory Board for more than 12 years. In addition, at least two shareholder representatives should be independent of a controlling shareholder, insofar as such a controlling shareholder exists. In accordance with the GCGC, this is assumed to be the case in particular if one is not a member of the executive body of the controlling shareholder, and has no personal or business relationship with the controlling shareholder that could give rise to a conflict of interest that is not merely temporary.
- The Chairmen of the Supervisory Board, the Audit Committee and the Presiding Committee shall be independent of the company and the Executive Board. The Chairman of the Audit Committee shall also be independent of the controlling shareholder.
- A maximum of two members are to be former members of the Executive Board.
- No member should exercise a management or consulting function for a significant competitor of the company. In addition, they should have no consulting or management function for clients, suppliers, creditors or other business partners, nor should they hold any position which could lead to a conflict of interest.

Age limit and term of office

- The Supervisory Board pays attention to a sufficient mix of ages among the members of the Supervisory Board.
- As a rule, no member should be over 75 years of age at the time of the Annual General Meeting which is to decide on his or her appointment as member of the Supervisory Board; exceptions are to be justified.
- Generally speaking, no shareholder representative should serve on the Supervisory Board for more than 12 years; any exceptions must be justified.

Diversity

- Overall, the members should represent a sufficient degree of diversity.
- In their entirety, members of the Supervisory Board should have different educational levels, professional and socio-economic backgrounds as well as geographic presences.
- The Supervisory Board should have a balance of male and female members; in this regard, the statutory minimum number of women and men is to be observed.

Implementation of the composition targets and including the competence profile and diversity concept for the Supervisory Board

The proposals for the election of shareholder representatives to the Supervisory Board, which are made by the Supervisory Board to the Annual General Meeting, are prepared for the Supervisory Board by the Nomination Committee. This ensures that the objectives for the composition of the Supervisory Board, in particular the requirements set out in the competence profile and diversity concept, are taken into account when considering suitable candidates. The Supervisory Board considers the objectives mentioned above in the resolutions it proposes to the Annual General Meeting for the appointment of shareholder representatives to the Supervisory Board on the provision that those persons whose personal and professional qualifications make them the best suited for the position be proposed. With the composition, fulfillment of the competence profile and the diversity concept should be pursued for the full committee. The implementation of the legally prescribed gender quota for the Supervisory Board remains unaffected.

Generally, it should be kept in mind that the Annual General Meeting is not bound by nominations. The freedom of choice on the part of the employees in the election of Supervisory Board members from the employees is protected. In the process pursuant to statutory co-determination requirements for the election of employee representatives, the Supervisory Board has no nomination rights. The composition goals as well as the competence profile and diversity concept for the Supervisory Board are therefore not to be seen as requirements for those entitled to vote or as a limitation of their freedom of choice.

In the opinion of the Supervisory Board, its current composition satisfies the objectives of the composition and, in particular, also satisfies the competence profile and the diversity concept. The members of the Supervisory Board have the professional and personal qualifications deemed necessary. In addition, they are in their entirety familiar with the sector in which the company operates and have the knowledge, skills and professional experience essential for Bilfinger to properly perform their duties. Given the expertise available on the Supervisory Board with respect to sustainability issues that are important for the company, the Supervisory Board is in a position to monitor how environmental and social sustainability are taken into account in the company's strategic orientation and corporate planning. Targeted further training measures also in this area are supported and promoted by the company.

The current composition as well as length of service of the Supervisory Board and the committees can be seen in Chapter D.4 Boards of the company. The CVs of current members of the Supervisory Board are available on the company's website under https://www.bilfinger.com/en/about-us/management/supervisory-board/. It can thus be seen from this information on the members that the Supervisory Board has a diverse composition. In their entirety, members of the Supervisory Board have different educational levels, professional and socio-economic backgrounds as well as geographic presences. In the 2023 reporting year, the Supervisory Board had four female members two of them on the shareholder representative side and two on the employee representative side. This corresponds to a proportion of female members on the Supervisory Board of 33 percent.

With a view to the international orientation of the company, care shall be taken to ensure that the Supervisory Board includes a sufficient number of members with extensive international experience. More than the required two members of the Supervisory Board have professional experience in an international environment and particular knowledge and experience in finance and business administration. In particular, the Chairman of the Audit Committee, Mr. Frank Lutz, and Dr. Roland Busch meet the requirements for special knowledge and experience in the fields of accounting and auditing, internal control procedures and sustainability reporting and their review within the meaning of Section 100 (5) of the German Stock Corporation Act (AktG). At least four members have detailed knowledge and experience with Bilfinger itself. All shareholder representatives have special experience from management positions in industrial or service companies. In addition, at least five shareholder representatives are experienced in the management or monitoring of another medium-sized or large company. Compliance and integrity are a top priority for all members of the Supervisory Board. No member of the Supervisory Board is older than 75 and there is a sufficient mix of ages among the members of the Supervisory Board.

In the assessment of the shareholder representatives on the Supervisory Board, the appropriate number of independent shareholder representatives in the Supervisory Board under consideration of the ownership structure is four. All shareholder representatives, in particular Dr. Roland Busch, Dr. Silke Maurer, Mr. Frank Lutz and Dr. Bettina Volkens are classified by the Supervisory Board as independent as defined by the GCGC, i.e., independent of the company, the Executive Board and any controlling shareholder. As a correspondingly independent member, Mr. Frank Lutz also serves as Chairman of the Audit Committee. In this context, all shareholder representatives are further classified as independent of the company and the Executive Board. Given that the Supervisory Board does not regard mere employee status or an existing employment relationship as grounds for excluding independence, four employee representatives in particular, Ms. Agnieszka Al-Selwi, Ms. Vanessa Barth, Mr. Werner Brandstetter and Mr. Jörg Sommer, are also classified as independent of the company, the Executive Board and from any controlling shareholder in accordance with the GCGC, whereby all employee representatives are considered to be independent of any controlling shareholder. No member of the Supervisory Board was previously a member of the Executive Board. The company also has no controlling shareholder within the meaning of the GCGC in conjunction with the German Stock Corporation Act. Even if Bilfinger's major shareholder Cevian were to be categorized accordingly, at least the four aforementioned shareholder representatives on the Supervisory Board, Dr. Roland Busch, Dr. Silke Maurer, Mr. Frank Lutz and Dr. Bettina Volkens, as well as the employee representatives would also be considered independent in this respect. Not least, no member of the Supervisory Board should exercise a management or consulting function for a significant competitor of the company.

The status of the implementation of the competence profile is summarized below in the form of a qualification matrix:

QUALIFICATION MATRIX

	Expertise in*										Inte-grity	Diversity					Independence		
	Sector		Professional Knowledge				ESG /Sustainability												
SB Member	Leading positions in industrial or services companies	Experience within the company itself	Finance / Business Administration	Internationality	Human resources	Management / supervision of companies	Environmental	Social	Governance	ESG Reporting / Auditing		Birthyear	Gender	Nationality	Specific Geographical Experience	Educational background[4]	General assessment	Member since	Non-existence of Specific criteria[5]
Dr. Eckhard Cordes, Chairman	••		••	••	••	••	•	•	••		••	1950	m	GER	WE, EE, SC	Degree in Business Administration, Doctorate	yes[2]	2014	yes
Stephan Brückner; Deputy Chairman		••	•		•	•		••	••		••	1965	m	GER	WE, EE	Technical school graduate Education as Maintenance Fitter		2008	yes
Agnieszka Al-Selwi		••	••	••				•	•		••	1969	f	POL	WE, EE	BA in Finance and Banking	yes[3]	2016	yes
Vanessa Barth					••	•		••	••	••	••	1969	f	GER	WE, EE	Graduate in sociology	yes[3]	2021	yes
Werner Brandstetter		••	•			•		•	•		••	1961	m	AUT	WE	Vocational training as a fitter Zukunftsakademie of the Linz Chamber of Labor	yes[3]	2021	yes
Dr. Roland Busch**	••		••	•	••	••		•	••	••	••	1963	m	GER	WE, EE	Degree in Business Administration, Doctorate	yes[1]	2021	yes
Rainer Knerler	••	•			••	••	•	••	••		••	1962	m	GER	WE	Reinforced concrete worker, Graduate of the Social Academy		1996	yes
Frank Lutz**	••		••	••	••	••	•	•	••	••	••	1968	m	GER	WE, GB, USA	Degree in Economics and Business Administration	yes[1]	2018	yes
Dr. Silke Maurer	••		•	••	••	••	••	••	••	•	••	1972	f	GER	WE, GB, USA	Degree in Engineering, Doctorate	yes[1]	2021	yes
Robert Schuchna			••	••		•			•	•	••	1988	m	GER SUI	WE	Bachelor & Master of Arts Banking & Finance, Chartered Financial Analyst	yes[2]	2020	yes
Jörg Sommer		••	•		•			•	•		••	1966	m	GER	WE	Professional training as Painter and Varnisher	yes[3]	2016	yes
Dr. Bettina Volkens	••		•	••	••	••		••	••		••	1963	f	GER	WE	Studies of Law, Doctorate	yes[1]	2020	yes

* based on self-disclosure
1 General assessment of independence by the Supervisory Board according to the criteria of the GCGC, i.e. independence from the company, from the Executive Board and from any controlling shareholder.
2 Classification against the background that Bilfinger has no controlling shareholder.
3 Taking into account that the mere employee status or an existing employment relationship of a Supervisory Board member with Bilfinger is not seen by the Supervisory Board as a reason to exclude independence.
4 Information on professional backgrounds can be found in the chapter Boards of the Company.
5 According to the competence profile (i) maximum of two members shall be former members of the Executive Board and (ii) no member should exercise a management or consulting function for a significant competitor of the company. In addition (iii) the members should have no consulting or management function for clients, suppliers, creditors or other business partners, nor should they hold any position which could lead to a conflict of interest.
•• In-depth expertise or specific knowledge
• Expertise or knowledge in sub-areas
without marking: General knowledge
** Finance expert
WE: Western Europe, EE: Eastern Europe, SC: Scandinavia, GB: Great Britain, USA: USA

Shareholders and the Annual General Meeting

The shareholders of Bilfinger SE can exercise their membership rights, in particular their right to information and voting rights, at the Annual General Meeting in accordance with statutory provisions. The Annual General Meeting is to be convened and held at least once each year. The Annual General Meeting generally takes place within a five-month period after the end of a financial year. The Executive Board presents certain documents to the Annual General Meeting, including the company and consolidated financial statements as well as the combined management report for Bilfinger SE and the Bilfinger Group. It decides on the appropriation of profits and on formal approval of members of the Executive Board and the Supervisory Board, elects the members of the Supervisory Board representing the shareholders when needed, and selects the external auditors. In addition, decisions are made on the legal foundations of the company, including in particular amendments to the Articles of Incorporation, capital measures and in certain other cases as specified by applicable law or the Articles of Incorporation. It decides in principle in an advisory capacity on the approval of the remuneration system for the members of the Executive Board, in an original capacity on the approval of the remuneration system for the members of the Supervisory Board and the specific remuneration of the Supervisory Board, and in a recommending capacity on the approval of the remuneration report for the preceding financial year. Each share entitles its holder to one vote at the Annual General Meeting. From the time an Annual General Meeting is convened until the end of the General Stockholders' Meeting, the reports, documents and information required by law for the Annual General Meeting are available on the company's website, as are the agenda for the Annual General Meeting and any counter-motions or election proposals from shareholders that are to be made accessible. For upcoming elections of shareholder representatives to the Supervisory Board, a detailed curriculum vitae is also published for each candidate, providing information on, among other things, his or her main activities and relevant knowledge, skills and professional experience.

In accordance with Section 118a (1) Sentence 1 AktG in conjunction with Section 26n (1) of the Introductory Act to the German Stock Corporation Act (EGAktG), the Annual General Meeting on April 20, 2023 was held as a virtual Annual General Meeting without the physical presence of shareholders or their proxies, with shareholders being able to exercise their rights by means of electronic communication and follow the Annual General Meeting on the Internet via the online service provided.

By resolution of the Annual General Meeting on April 20, 2023, the Articles of Association were amended and the Executive Board was authorized to provide for the Annual General Meeting to be held without the physical presence of shareholders or their proxies at the venue of the Annual General Meeting (virtual Annual General Meeting). This authorization applies to the holding of virtual Annual General Meetings for a limited period of around two years until June 30, 2025. In addition, the amended Articles of Association allow members of the Supervisory Board to participate in the Annual General Meeting by means of video and audio transmission in the event of a virtual Annual General Meeting; this does not impact the obligation of the Chairman of the meeting to participate at the venue of the Annual General Meeting.

Details on our investor relations activities are provided in the *Transparency* section.

Reportable transactions with financial instruments of the company (Manager's Transactions)

Pursuant to Article 19 of the EU Directive number 596/2014 of April 16, 2014 on market abuse (market abuse regulation) (including amendments made most recently by Regulation (EU) 2019/2115 of November 27, 2019), the members of the Supervisory Board and Executive Board as well as other persons with management duties who regularly have access to insider information on the company and who are authorized to make significant business decisions, and certain persons who are in a close relationship with those persons are legally obliged to disclose to Bilfinger SE and the German Federal Financial Supervisory Authority (BaFin) any acquisitions and disposals of Bilfinger shares and related financial instruments, particularly derivatives, in an amount of more than €20,000 in any calendar year, as soon as possible and at the latest within three working days. Bilfinger immediately publishes details of such transactions on the website, among other places, at https://www.bilfinger.com/en/investors/corporate-governance/directors-dealings/.

Financial loss liability insurance

The company has taken out financial loss liability insurance for board members of Bilfinger SE and certain other managers of Bilfinger Group companies, which covers the activities of the members of the Executive Board and the Supervisory Board (D&O insurance). This insurance includes at least the deductible for Executive Board members legally required by Section 93 Subsection 2 Sentence 3 AktG and at least at least a corresponding deductible for Supervisory Board members.

Mannheim, February 26, 2024

Bilfinger SE

The Executive Board | The Supervisory Board

A.5 Bilfinger in the capital market

The Bilfinger share in stock market year 2023

The economic environment in stock market year 2023 was primarily driven by ongoing geopolitical challenges and, initially at least, by exceptionally high inflation rates. Following volatile price fluctuations, stock market valuations recovered toward the end of the year, partly due to weakening inflation and the fact that key interest rates did not rise any further. In Germany, the DAX, MDAX and SDAX stock market indices recorded significant gains over the course of the year. The DAX closed the stock market year up 20.3 percent, the MDAX rose by 8.0 percent and the SDAX, which included Bilfinger's shares in 2023, was up 17.1 percent.

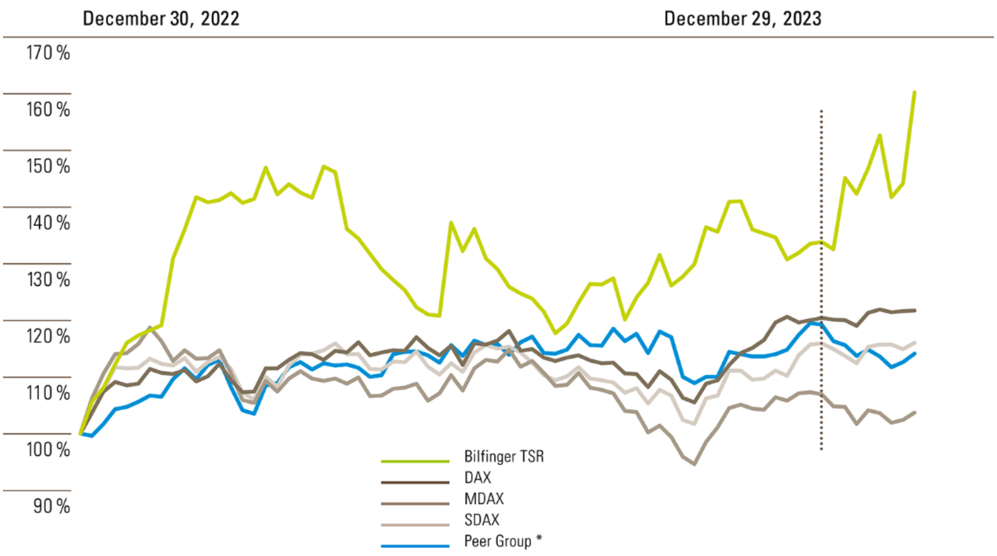
Internationally-active listed companies in the industrial services sector were not immune to the political and economic turmoil. They generally fared well during the year, although the recovery toward the end of the year was less pronounced than was the case for the indices. At the end of 2023, the market capitalization-weighted average *Total Shareholder Return* (TSR) of the international peer group observed by Bilfinger was 19.8 percent.

The Bilfinger share opened the new trading year with a closing price of €27.08 on December 30, 2022, which also corresponded to the low for the year. In the early months of 2023, the share price made significant gains, particularly following the presentation of the Group's strategic development prospects and the medium-term targets formulated as part of this during the Capital Markets Day on February 14, 2023. The share price reached its high for the year of €39.78 on March 30, 2023. As the year progressed, the capital market was subject to considerable volatility due to the prevailing uncertainty regarding economic developments on the global markets and in Germany in particular, with the Bilfinger share price fluctuating between €31.00 and €39.00 in the second half of the year. The year-end price on December 29, 2023, was €34.82, which corresponded to a TSR of 33 percent.

The share price has recovered consistently since the beginning of 2024. Against the backdrop of the publication of the 2023 financial figures and the subsequent increase in some analysts' price targets, the Bilfinger share price saw a significant increase, reaching a level of over €42.00 at the end of February 2024. As a result of the significant increase in market capitalization, the Bilfinger share is included in the MDAX by Deutsche Börse with effect from March 18, 2024, marking a return to the index of mid-caps after a good six years.

Further information on the current development of the Bilfinger share can be found on the company website www.bilfinger.com under *Investor Relations*.

RELATIVE PERFORMANCE OF OUR SHARES
1 YEAR



* Market cap weighted index as of December 31, 2022 of peer companies (Fluor, KBR, Matrix Services, Mistras, Petrofac, Spie, Sweco, Team, Technip Energies, Wood Group, Worley Parsons) for performance.

KEY FIGURES ON OUR SHARES

	2019	2020	2021	2022	2023
in € per share					
Earnings per share[1]	-0.59	0.60	2.47	0.71	4.84
Adjusted earnings per share[2]	0.87	1.23	-0.20	2.06	3.12
Cash flow per share	1.21	2.74	2.99	3.31	3.24
Dividend	1.00	0.12	1.88	1.30	1.80[3]
Special dividend				3.75	
Dividend yield[4]	3.9%	0.3%	7.3%	4.8%	5.2%
Highest price	46.58	34.58	34.50	39.42	39.78
Lowest price	25.08	22.00	13.06	24.70	27.50
Year-end price	25.48	34.58	25.86	27.08	34.82
Book value[5]	30.24	28.92	30.01	26.51	31.42
Market value / book value[4,5]	0.8	1.2	0.9	1.0	1.1
Market capitalization in € million[4,7]	1,126	1,529	1,143	1,111	1,309
SDAX weighting[6]	1.5%	1.7%	1.1%	1.0%	1.1%
Price-to-earnings ratio[4,8]	29.29	28.11	-129.30	13.15	10.07
Number of shares (in thousands)[6,7]	44,209	44,209	44,209	41,037	37,606
Average XETRA daily volume (no. of shares)	153,604	169,297	115,810	124,297	52,370

Unless stated otherwise, all information relates to continuing operations.
All price details refer to XETRA trading
1 Includes continuing and discontinued operations
2 Includes only continuing operations. Adjusted for special items. Explanation: See Chapter B.2.2 Results of operations, net profit / earnings per share.
3 2023: Intended dividend proposal, subject to a corresponding resolution from the Annual General Meeting 2024
4 Based on the year-end closing price
5 Balance-sheet shareholders' equity excluding minority interest
6 Based on year-end
7 Including treasury shares
8 Based on adjusted earnings per share

BILFINGER SHARE

ISIN / stock exchange symbol	DE0005909006 / GBF
WKN	590 900
Main listing	XETRA / Frankfurt
Deutsche Börse segment	Prime Standard
Share indices	MDAX (SDAX *until March 18, 2024),* DAX subsector Industrial Products & Services, Euro STOXX

Shareholder structure

At the beginning of financial year 2023, the number of shares outstanding amounted to 41,037,328. On March 20, 2023, this figure decreased from 8.36 percent of the shares issued to 37,606,372 shares due to the cancelation of treasury shares. As a result, the remaining treasury shares amounted to 0.32 percent at the end of the year. The largest shareholder on December 31, 2023, was Cevian Capital with a reported stake of 26.61 percent. On February 19, 2024, Cevian Capital reported a stake of 24.85 percent in Bilfinger's share capital. The second-largest shareholder is ENA Investment Capital LLP with a reported holding of 12.00 percent.

Further information and an overview of the current shareholder structure are available on the website www.bilfinger.com under Investor Relations.

Dividend policy

The Executive Board and the Supervisory Board will propose to the Annual General Meeting that an increased dividend of €1.80 per share (previous year: €1.30 per share) be approved for financial year 2023. This is intended to allow shareholders to participate in Bilfinger's positive operating performance in the past financial year. In relation to the share price at the end of 2023, this represents a dividend yield of 5.2 percent.

The payout ratio for financial year 2023 in relation to adjusted net profit is around 60 percent and is thus at the upper end of the range for Bilfinger's dividend policy. This policy calls, depending on the foreseeable medium-term development of the company, for a distribution of between 40 and 60 percent of adjusted net profit and continuous growth.

Communication with the capital markets

Bilfinger is in close dialog with investors and analysts. These talks, many of which were conducted with the participation of the Executive Board at capital market conferences, roadshows and one-on-one discussions, totaled 282 individual contacts with 120 different institutions in 2023.

Bilfinger's Investor Relations team is currently in constant contact with eight financial analysts from the sell-side who evaluate the company. Their recommendations and price targets are regularly updated in the Investor Relations section of the website www.bilfinger.com**.** This also applies to the consensus of current analyst estimates compiled by *Vara Research*.

Annual General Meeting 2023

On April 20, 2023, the Annual General Meeting of Bilfinger SE was held as a virtual Annual General Meeting without the physical presence of shareholders.

Around 52 percent (previous year: 54 percent) of the share capital was represented at the Annual General Meeting as defined by the Articles of Incorporation. All items on the agenda were adopted as proposed by the management.

Corporate bond and S&P credit rating

The corporate bond issued in June 2019 with a volume of €250 million carries an annual interest coupon of 4.5 percent. The Bilfinger bond closed 2023 at 99.80 percent, slightly above the level of the previous year (98.74 percent). Bilfinger is exercising the option of early repayment of the bond in March 2024.

The rating agency Standard & Poor’s raised Bilfinger’s credit rating in April 2022 from BB, stable outlook, to BB+, stable outlook. Bilfinger’s medium-term goal is to return to an investment grade rating.

BILFINGER BOND 06/2024

ISIN / stock exchange symbol	DE000A2YNQW7
WKN	A2YNQW
Listing	Luxembourg (official trading)
Issue volume	€250 million
Interest coupon	4.500%
Maturity	June 14, 2024
Year-end closing price (Bloomberg)	99.80

B Combined management report

B.1 The Bilfinger Group

B.1.1 Business model

The business model of the Bilfinger Group in financial year 2023 did not change as compared with the prior year. Bilfinger is an internationally active industrial services provider. The Group aims to enhance the efficiency and sustainability of process industry customers. Bilfinger's portfolio covers the entire value chain from consulting, engineering, manufacturing, construction and maintenance through to the expansion of plants and turnarounds.

B.1.2 Legal form and management

Bilfinger SE is a stock company in accordance with European law (Societas Europaea – SE). In addition to German stock corporation law, it is also subject to special European SE regulations and the German law on implementing a European Company as well as the German SE Employee Involvement Act. The management bodies of the company are the Executive Board, the Supervisory Board and the Annual General Meeting.

The Executive Board of Bilfinger SE manages the company in its own responsibility. The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in key decisions affecting the company. These bodies work in close cooperation for the benefit of Bilfinger. Details are described in Chapter *A.4.1 Declaration of corporate governance and corporate governance report*, which is also available on the Internet site www.bilfinger.com.

B.1.3 Strategy and objectives

Bilfinger communicated its enhanced strategy at the beginning of the reporting year and set the goal of becoming the leading partner for its customers when it comes to enhancing their sustainability and efficiency. Three strategic levers have been defined in order to achieve profitable and sustainable growth:

Efficiency program

The efficiency program launched at the end of 2022 was fully implemented from an organizational perspective in 2023. It was targeted toward the Group's administrative functions and provides for cost savings of around €55 million, which are expected to take full effect from financial year 2024.

A functional organizational structure was developed for this purpose in the reporting year, and took effect on January 1, 2024. Lean management and administrative structures together with the bundling of transaction-related tasks in a Shared Service Organization will specifically improve organizational efficiency.

At the same time, Bilfinger is working on the development of its employees' skills. Training centers are to be set up and more standardized and certified training programs established for this purpose. Value-oriented sales concepts as well as the topics of efficiency and sustainability, digitalization and occupational safety have been defined as central content. Plans call for the additional investment of up to 25 percent of the savings from the efficiency program in skills development from financial year 2024, so that a total of at least 0.5 percent of revenue will be available for this purpose each year. An appropriate system will be put in place in 2024 to measure this key figure.

In addition, the increased use of standardized, automated procurement processes will generate savings that have an impact on earnings. The assumption of administrative tasks by the Shared Service Centers, improved determination of requirements by the newly established Global Product Centers and a significant reduction in the number of suppliers will also help to increase the efficiency of purchasing processes.

Operational Excellence

The objective is to improve the Group's growth, profitability and cash flow by enhancing operational excellence.

The key element here is the increased standardization and bundling of the Group's individual service areas. To this end, nine Product Centers were defined in the reporting year. It is the task of these Product Centers to develop products that meet a uniform set of standards and that will be offered by the operating companies in all of the Group's markets.

Operational risks will also be mitigated through a standardized order selection process (de-risking).

In addition, the digitalization of processes and the increased use of innovations have the potential to further improve the Group's economic performance.

Positioning

Bilfinger is striving to achieve both further growth and greater profitability by improving its positioning in its markets.

The objective is to expand the Group's markets and to be able to deliver standardized products on an equal footing in all existing markets. In addition to organic growth, targeted acquisitions can also help achieve these objectives. In this context, an agreement was signed in September 2023 to acquire parts of the Stork Group, previously part of the Fluor Corporation (USA). The transaction primarily comprises the operating units in the Netherlands and Belgium as well as some units in Germany and the USA with a total of more than 2,700 permanent employees and revenue of approximately €500 million. Closing of the transaction is expected in the first half of 2024.

In addition to the expansion of the core business in existing markets, expansion into adjacent geographical areas will also be considered in the future.

Bilfinger's positioning in terms of content focuses on aligning itself as a partner to customers to enhance the efficiency and sustainability of their plants. In this regard, Bilfinger is working on approaches that make Bilfinger's influence on the efficiency and sustainability of its customers quantifiably measurable.

This is closely linked to the sustainability of Bilfinger's own business activities. The Group has set defined targets in the areas of environment, social and governance, which are described in detail in Chapter *B.5.1.5 Sustainability targets of the Bilfinger Group*. One area of focus is climate protection, where Bilfinger intends to contribute by reducing its own greenhouse gas emissions.

B.1.4 Organization

Bilfinger SE is a holding without its own business activities. The operating activities are organized decentrally and are carried out through subsidiaries which act on the market as independent profit centers. In financial year 2023, the operating companies were divided into regions or divisions which in turn are each a part of one of the reporting segments.

The operating companies deliver their services for the most part in customers’ plants. The business processes are therefore largely organized in a decentralized manner and this also applies to sales structures and procurement markets. In sales, Bilfinger implements comprehensive business development concepts where appropriate. Central instruments are also applied in procurement, including the bundling of purchasing volumes and the use of e-procurement platforms. In order to continuously improve process and cost efficiency, the measures described in section *B.1.3 Strategy and objectives* were organizationally implemented in the reporting year and took effect on January 1, 2024.

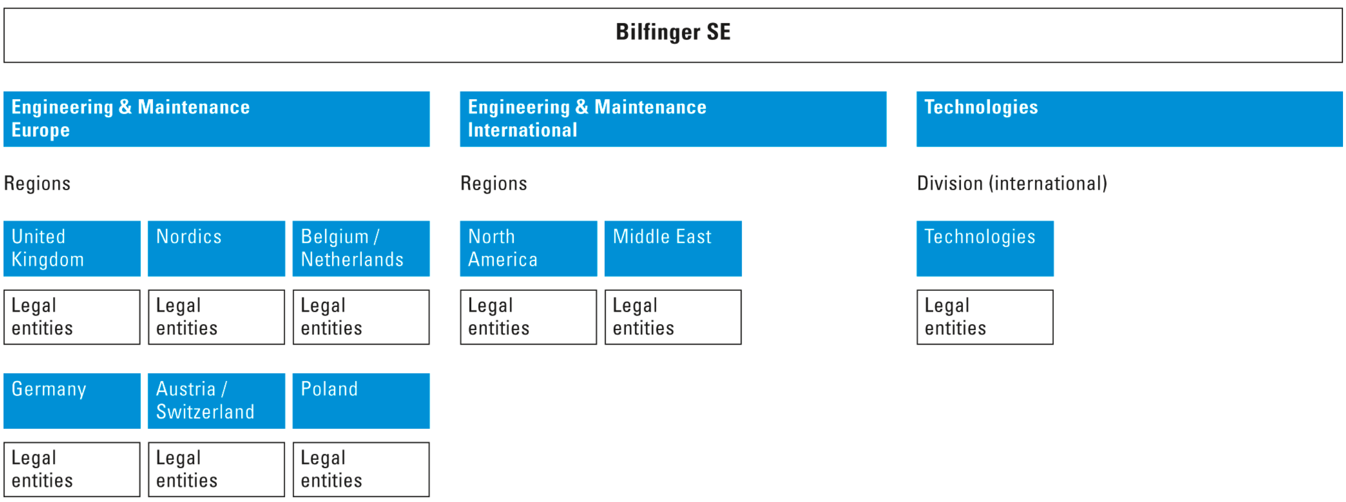
Input factors for the business are quantified in Chapter *B.2.4 Financial position – origin and distribution of value creation*. A comprehensive range of services geared toward enhancing the efficiency and sustainability of customers in the process industry is the foundation of the company’s successful development. Information on research and development activities is included in Chapter *B.2.7 Innovation (research and development report)*.

Service lines, regions and customer industries

Bilfinger delivers its services in two service lines: Engineering & Maintenance and Technologies. The company is primarily active in the regions Europe, North America and Middle East. Process industry customers come primarily from the sectors energy, chemicals & petrochemicals, pharma & biopharma and oil & gas.

Reportable segments

REPORTABLE SEGMENTS FINANCIAL YEAR 2023



Bilfinger continues to report on business development in 2023 in the three segments Engineering & Maintenance Europe, Engineering & Maintenance International and Technologies. The range of services in the two Engineering & Maintenance segments is offered locally and includes services for the maintenance, engineering, extension, new construction and operation of industrial plants from a single source. While the majority of revenue in the Engineering & Maintenance business is generated from service and framework agreements, the Technologies segment is almost entirely dominated by project orders. The most important pillars here are projects and components in the areas of *energy transition*, *life science* and *nuclear*.

Engineering & Maintenance Europe

The European Engineering & Maintenance business is organized regionally and, accordingly, services for engineering, maintenance, expansion and operation are offered locally. In the course of the 2023 financial year, activities in Poland along with the Eastern European business of companies previously allocated to the *Belgium / Netherlands* region were bundled in the *Eastern Europe* region. At the start of the 2024 financial year, the previous regions *Germany* and *Austria / Switzerland* will undergo an organizational merger that will reduce the number of regions from six to five. Given the similarity of the markets, the economic environment and the financial parameters – in particular growth expectations and the level of margins – we combine reporting for the *United Kingdom*, *Nordics*, *Belgium / Netherlands*, *Germany / Austria / Switzerland* and *Eastern Europe* regions in the *Engineering & Maintenance Europe* reporting segment.

Engineering & Maintenance International

The activities of the North America and Middle East regions form the Engineering & Maintenance International reporting segment. The grouping in one segment is based on the specific market conditions, economic environment and financial parameters in the regions outside Europe.

Technologies

Activities in the Technologies segment are positioned internationally. The range of services offered by the project business predominating here is characterized by technological expertise in the areas of energy transition, life science and nuclear.

Other Operations

Bilfinger reports on operating units that are active outside the defined business segments, regions and industries under Other Operations. These units are not part of the strategic regional and technological positioning of the Group. They are managed independently for value until a suitable owner has been found. The number of units included here has been continuously reduced in recent years, mainly through disposals. In financial year 2023, there was still one individual company in the Other Operations segment.

B.1.5 Financial management system

The key financial management metrics for financial year 2023 include figures for growth, profitability, capital efficiency as well as for liquidity and capital structure. Revenue, EBITA, EBITA margin, return on capital employed (ROCE) and free cash flow serve as the most important key figures for financial management.

B.1.5.1 Growth

Revenue

Profitable and sustainable organic revenue growth is a cornerstone of the strategy for increasing Bilfinger's enterprise value. In addition, targeted acquisitions can contribute to the growth in volume.

Revenue planning is conducted on the basis of orders received and order backlog; both key figures represent early indicators for revenue. For projects, the entire contract volume after signing is recognized; for framework agreements without a guaranteed volume, expected revenue for the coming 12 months on a rolling basis is booked in orders received and order backlog.

B.1.5.2 Profitability

EBITA / EBITA margin

The indicator of operating profit of the corporate units and of the Group, and thus the measure of earnings for segment reporting, is earnings before interest, taxes and amortization of intangible assets from acquisitions (EBITA). The EBITA margin in relation to revenue is used in particular as a key figure for managing profitable growth.

Special items affecting EBITA are also reported in order to ensure comparability of operating performance. These do not arise from the operating business. They include, in particular, expenses for restructuring measures and proceeds from disposals.

Net profit

Net profit consists of operating profit plus / minus amortization of intangible assets from acquisitions, financial income and expense and tax effects.

Net profit adjusted for the special items described above is also presented here. In addition, a normalized tax rate is assumed.

B.1.5.3 Capital efficiency

Free cash flow / net working capital / cash conversion rate

Bilfinger utilizes free cash flow to facilitate the operationalization of value-oriented management. Free cash flow is calculated on the basis of cash flow from operating activities less net investments in property, plant and equipment and intangible assets. A major factor to be considered in this regard is the change in net working capital. Net working capital is calculated as the difference between current assets excluding cash and cash equivalents and current liabilities excluding financial debt. A reduction in net working capital leads to lower capital employed and thus also contributes to an increase in the return on capital employed (ROCE) and in the value added by the business segment concerned.

Special items are presented transparently in the statement of cash flows as an additional 'thereof' item, in line with EBITA reporting.

In addition, the cash conversion rate is calculated as the ratio of free cash flow and EBITA in order to measure the conversion of results into liquidity.

B.1.5.4 Capital structure and liquidity

Net debt and dynamic gearing ratio

To manage liquidity, Bilfinger focuses on the central key figures net debt and dynamic gearing ratio, which also includes net debt as relates to EBITDA (EBITA before depreciation and amortization on property, plant and equipment and intangible assets).

Note on pro-forma key figures / alternative performance measures

In addition to the key figures prepared in accordance with IFRS, Bilfinger also reports pro-forma key figures *(alternative performance measures)* such as EBITA, EBITA margin, special items in EBITA and cash flow, cash conversion rate or net profit adjusted for special items.

The pro-forma key figures are based on the definitions provided in this Annual Report. They do not serve as primary performance indicators, are not a substitute for IFRS disclosures, are not part of the legally required financial reporting and are therefore not subject to the applicable accounting standards. Other companies may calculate these key figures differently.

B.2 Economic report

B.2.1 General statement of the Executive Board on the economic situation

PLAN / ACTUAL COMPARISON	Actual 2023	Forecast Interim Report H1 2023	Forecast Annual Report year-end 2022	Actual 2022
Revenue				
Group	€4,485.6 million	€4,300 to €4,600 million	€4,300 to €4,600 million	€4,312.0 million
Engineering & Maintenance Europe	€2,978.8 million	€2,750 to €2,950 million	€2,750 to €2,950 million	€2,784.5 million
Engineering & Maintenance International	€681.8 million	€720 to €820 million	€720 to €820 million	€797.8 million
Technologies	€737.1 million	€600 to €700 million	€600 to €700 million	€592.0 million
EBITA margin				
Group	4.3%	3.8 to 4.1%	3.8 to 4.1%	1.8% (adjusted for special items: 3.2%)
Engineering & Maintenance Europe	5.4%	5.0 to 5.4%	5.0 to 5.4%	3.8% (adjusted for special items: 5.1%)
Engineering & Maintenance International	0.4%	1.0 to 3.0%	1.0 to 3.0%	-1.0% (adjusted for special items: -0.7%)
Technologies	4.5%	4.0 to 5.0%	4.0 to 5.0%	1.4% (adjusted for special items: 3.0%)
Net profit	€181.5 million	€100 to €120 million	€100 to €120 million	€28.2 million (adjusted for special items: €81.8 million)
Free cash flow	€121.8 million	€50 to €80 million	€50 to €80 million	€135.9 million
Return on capital employed (ROCE)	12.1%	8.0 to 9.0%	8.0 to 9.0%	3.2%

Due to rounding of figures, it is possible that individual figures do not add up exactly to the totals given and that the percentages shown do not precisely reflect the absolute values to which they refer.

The organic figures stated in this report exclude currency effects and effects from acquisitions or disposals.

Bilfinger developed successfully in financial year 2023. The Group recorded strong market development across all regions and sectors. Demand for enhancing the efficiency and sustainability of industrial plants continues to grow. Increasing production complexity, a growing bureaucracy, digitalization and the shortage of skilled workers are increasingly prompting customers to outsource the engineering, construction and maintenance of their plants to industrial service providers. Bilfinger can meet this growing demand with its business model.

Against this backdrop, Bilfinger met or exceeded the forecasts made in the 2022 Annual Report and the interim report on the first half of 2023. Only the forecast for the EBITA margin in the Engineering & Maintenance International segment was adjusted in the course of reporting on the third quarter of 2023 on November 13, 2023. This change had no impact on the overall forecast at Group level since the reduction was offset by positive developments in other segments. The new forecast for the EBITA margin at Engineering & Maintenance International was met in the 2023 annual financial statements, while the sales forecast fell slightly short in this segment.

Business development

Orders received for the Bilfinger Group in financial year 2023 increased by 3 percent (organically: 5 percent) to €4,735.3 million (previous year: €4,615.0 million). Increases were recorded in the Engineering & Maintenance Europe and Technologies segments, while orders received in Engineering & Maintenance International were down compared to the prior year due to the realignment of a business line in the USA. Order backlog was up 5 percent (organically: 5 percent) to €3,384.7 million (previous year: €3,225.8 million) The book-to-bill ratio was 1.06.

Group revenue grew by 4 percent (organically: 7 percent) to €4,485.6 million (previous year: €4,312.0 million) despite the planned decrease in the USA. Gross profit increased by 6 percent to €462.7 million (previous year: €437.2 million) with growth in all segments. At E&M Europe and Technologies, this is primarily attributable to the increase in revenue and an associated improvement in the coverage of business costs. E&M International recorded an improvement in the gross margin. Gross margin for the Group amounted to 10.3 percent (previous year: 10.1 percent) of revenue. Despite inflation, selling and administrative expenses fell by -3 percent to €297.8 million (previous year: €307.5 million), reflecting strict cost discipline. The share of selling and administrative expenses in revenue declined to 6.6 percent, partly due to the increase in revenue (previous year: 7.1 percent).

Bilfinger generated EBITA of €190.8 million in 2023 (previous year: €75.5 million), corresponding to an EBITA margin of 4.3 percent (previous year: 1.8 percent). It should be noted that the prior-year figure was influenced by provisions for the efficiency program in the amount of €62.4 million. Overall, special items in EBITA fell to -€0.7 million (previous year: -€64.5 million). In addition, EBITA in the reporting year includes profits from the sale of property in the amount of €12.9 million (previous year: €9.9 million). The EBITA margin excluding one-time effects and special items amounted to 4.0 percent (previous year: 3.0 percent).

In the Engineering & Maintenance Europe segment, orders received were up 6 percent (organically: 8 percent) to €3,094.1 million (previous year: €2,917.8 million); demand for services to enhance customer efficiency and sustainability remains strong. On this basis, revenue was up 7 percent (organically: 9 percent) to €2,978.8 million (previous year: €2,784.5 million). The book-to-bill ratio was 1.04. EBITA rose to €161.1 million (previous year: €104.7 million) in the reporting year due to higher revenue and a strong operating performance. In the previous year, special items of -€35.5 million were incurred in this segment, primarily due to provisions for the efficiency program. The EBITA margin was increased to 5.4 percent (previous year: 3.8 percent).

In the Engineering & Maintenance International segment, incoming orders fell by -12 percent (organically: -10 percent) to €732.9 million (previous year: €832.9 million) due to the reorganization of a U.S. business line. Revenue was down -15 percent (organically: -12 percent) to €681.8 million (previous year: €797.8 million), a development that is attributable to the completion of assembly projects in the USA in the course of the reporting year. In contrast, revenue in the Middle East continued to grow. The segment's book-to-bill ratio amounted to 1.08. EBITA was slightly positive at €2.9 million (previous year: -€8.4 million), which corresponds to an EBITA margin of

0.4 percent (previous year: -1.0 percent). In the previous year, EBITA in this segment included special items due to provisions for the efficiency program of -€3.0 million.

In Technologies, orders received were up 16 percent (organically 16 percent) to €777.3 million (previous year: €672.0 million). This segment is benefiting from strong demand in both its pharma & biopharma and nuclear business lines. Revenue grew in line with this development by 24 percent (organically: 25 percent) to €737.1 million (previous year: €592.0 million). The book-to-bill ratio was 1.05. The segment's EBITA rose to €33.3 million (previous year: €8.4 million), while the EBITA margin increased to 4.5 percent (previous year: 1.4 percent). In the previous year, special items of -€9.2 million were incurred in this segment due to provisions for the efficiency program.

Net profit increased significantly to €181.5 million (previous year: €28.2 million), taking earnings per share from €0.71 to €4.84. The return on capital employed (ROCE) after taxes increased to 12.1 percent (previous year: 3.2 percent). In addition to the improved operating performance, capitalization of deferred taxes in the amount of €61.1 million contributed significantly to the increase in the net profit. It should also be noted that the prior-year figure included provisions for the efficiency program.

Free cash flow amounted to €121.8 million (previous year: €135.9 million). It should be noted that, in the reporting year, there were special items of -€27.0 million, primarily cash outflows for the efficiency program. This was offset by cash inflows from the sale of properties in the amount of €25.9 million (previous year: €18.5 million). Investments in property, plant and equipment and intangible assets amounted to €58.6 million (previous year: €51.7 million). Dividends were paid out in a total amount of €51.5 million (previous year: €195.6 million), while net liquidity including lease liabilities fell to €120.1 million (previous year: €144.8 million).

Net profit adjusted for special items and calculated using a normalized tax rate increased to €116.9 million (previous year: €81.8 million). Adjusted earnings per share amounted to €3.12 (previous year: €2.06). The Executive Board and the Supervisory Board will propose to the Annual General Meeting on May 15, 2024, that an increased dividend of €1.80 per share be distributed (previous year: €1.30). This is intended to allow shareholders to participate in Bilfinger's positive operating performance in the past financial year. The payout ratio in relation to adjusted net profit is 58 percent and is thus at the upper range of the company's dividend policy. This calls for a distribution of between 40 and 60 percent of adjusted net profit, depending on the foreseeable medium-term development of the company.

B.2.1.1 Economic environment

Macroeconomy

Growth momentum in the euro zone weakened in 2023. Compared to the strong post-COVID growth in the previous year, the growth rate fell significantly from 3.4 percent to 0.6 percent (DG ECFIN). The loss of purchasing power associated with the jump in inflation had a negative impact on private consumption. Momentum was also low in the manufacturing sector. The energy crisis from the winter of 2022/23 did not lead to the feared gas shortage. Industry was, however, adversely affected by high gas and electricity prices by international standards and weak global economic and foreign trade growth. Geopolitical uncertainty arising from the war in Ukraine and the Gaza conflict had a negative impact. The sharp rise in short and long-term interest rates as a result of the European Central Bank's (ECB) determined efforts to combat inflation also played a part in slowing growth.

The euro zone and the EU as a whole still managed to avoid a recession. The relatively robust labor market was a contributing factor. The decline in the unemployment rate in the euro zone continued until the summer. The employment rate actually reached historic highs (DG ECFIN). On the other hand, corporate investments increased by 3.8 percent as was also the case in the previous year (DG ECFIN). Companies' investments in equipment continued to be fundamentally supported by the conversion of energy systems toward renewable energy. High energy prices also made measures to increase energy efficiency even more profitable. The fact that a large number of projects were no longer negatively impacted by disruptions to international supply chains and that the project backlog of the past two years resulted in persistently high order backlogs also contributed to the stable investment trend. The spending programs of the European COVID recovery plan Next Generation EU 2023 also got underway on a larger scale, which is benefiting the EU member states of Southern and Eastern Europe in particular.

Germany, Austria and the Baltic states experienced recessions with slightly negative growth rates (DG ECFIN). As in the previous year, momentum was particularly low in those countries that were heavily dependent on Russian energy imports prior to Russia's invasion of Ukraine. These economies were faced with a considerable increase in electricity and gas prices, even though prices had dropped significantly in the reporting year from their highs of the previous year.

The ECB pressed ahead with its determined efforts to combat inflation, a process that began in the previous year, and had raised its key interest rates to a level of 4.5 percent by September 2023. Along with the central banks' key interest rates, long-term capital market interest rates also rose significantly, putting pressure on the financing conditions for the economy. Over the course of the year, however, there were very clear successes in the fight against inflation. While consumer price inflation in the euro zone was measured at 8.6 percent year-on-year at the beginning of the year (Statista), the inflation rate had in fact fallen to 2.9 percent by December (Eurostat). The decline was, however, due to the fall in energy prices from their highs. The core inflation rate adjusted for energy and food fell less rapidly. Given these initial successes in the fight against inflation, the ECB temporarily halted its series of key interest rate hikes, which began in summer 2022, in fall 2023.

Due to the disproportionately high importance of industry, the German economy was hit harder than other European economies by higher energy prices and weak sales combined with falling export volumes. Developments in the energy-intensive chemical and metal production industries played a role in the further reduction of industrial production. With GDP dropping 0.3 percent, the downturn that began in mid-2022 has continued (DG ECFIN). Overall economic development in the United Kingdom was similar to development in the EU, with a growth rate of 0.6 percent. Here, too, the strong post-COVID recovery witnessed in the two previous years thus came to a temporary end (DG ECFIN).

Compared to Europe, the US economy once again proved to be more resilient, recording GDP growth of 2.4 percent (DG ECFIN) despite the US Federal Reserve tightening its monetary policy earlier and even more decisively than was the case in Europe. A healthy labor market combined with strong wage growth stabilized private consumption despite high interest rates. The abundant availability of energy at very competitive international prices, high levels of government subsidies as well as the trend toward the relocation of value creation back to the U.S. (reshoring) also strengthened investments outside of the construction sector. The green energy and semiconductor industries in particular were able to benefit from the government's strong industrial policy focus (DG ECFIN).

The oil price dropped significantly compared to the previous year, when it peaked at over US$120 per ton of Brent. Prices below US$75 were recorded at times in the spring and at the end of the year (Finanzen). The Gaza conflict also caused only temporary price increases in the fall. On the demand side, the sluggish global economy and, in particular, weak growth in China have contributed to this price trend. On the supply side, the strong increase in U.S. oil production had a price-reducing effect, making up for production cuts by OPEC countries (FAZ Oil production U.S.).

European natural gas prices fell sharply at the beginning of the year. Although there was an increase that coincided with the outbreak of the Gaza war, average prices for the year were well below the previous year's level.

The oil- and gas-producing countries of the Gulf Cooperation Council were unable to match the very high growth rates of the previous year. Lower oil prices combined with production cuts to stabilize the oil price dampened growth in the sector. Conversely, robust growth was recorded in the non-oil sector there thanks to high levels of government and private investment (World Bank GCC).

Engineering & Maintenance Europe

The economic slowdown in key customer sectors had a negligible impact on the market for industrial services. It has been demonstrated once again that the development of this market is determined more by transformation trends than it is by short-term economic fluctuations. The increasingly rapid energy transformation led to continuous investment in new infrastructure and extensive process adaptations in the reporting year. As a result, business was also stable in sectors that included the chemical and petrochemical industries, which were particularly affected by weak demand in their markets and high energy prices. In addition to these long-term trends, last year's energy price shock has made projects to further increase energy efficiency in Europe even more urgent. In this context, the markets for maintenance and servicing have also remained stable. The widespread normalization of international supply chains has also had a positive impact on industrial service providers. This meant that business was only slightly hampered by a lack of supplies. Industry does, however, continue to face a shortage of qualified personnel, which limits capacity. This bottleneck has become even more pronounced than in recent years (Lün, p. 37). Overall, confidence in the development of the industrial services sector actually improved further in the reporting year despite the period of weakness in the economy as a whole (Lün, p. 5). According to industry estimates, the German market for industrial services maintained the previous year's growth rate (Lün, p. 9).

The chemical and petrochemical industries remain the most important customer group on the German market, with an estimated share of approximately 39 percent for externally contracted industrial services (Lün, p. 32). The decline in production that began in the previous year continued in the European chemical industry. In the first 10 months of 2023, chemical production in EU member states fell by 9.7 percent (VCI WCR). This marked phase of weakness was due to a lack of orders arising from a less dynamic global economy and the continuing high energy costs in Europe in an international comparison. The decline in production volumes was accompanied by a fall in manufacturers' prices, resulting in a double-digit drop in sales in the sector. Consistently high energy prices have made elements of the production of energy-intensive products with low added value unprofitable. The decline in chemical production was particularly sharp in Germany at 12.7 percent (VCI WCR). Here, capacity utilization fell to 76 percent, which is well below normal capacity utilization (VCI QB). Developments in the chemical industry in Eastern Europe were somewhat better, with production falling by just 1.3 percent (January to October) and stabilizing in the second half of the year (VCI WCR). Chemical production in Poland continued to expand despite the sharp drop in demand that was also felt there (GTAI Poland Plastics). In Belgium, labor costs in Europe's most important chemical cluster rose more sharply than in other EU locations because the country has a legal requirement to fully adjust wages to inflation (GTAI Belgium Plastics). Given the high capital intensity and an annual research volume of over €5 billion (CEFIC Belgium), this had a limited negative impact on the competitiveness of production sites in Belgium.

Compared to the chemical industry, development of the European pharmaceutical sector was much more favorable. The pharmaceutical sector, which was less impacted by high energy costs due to its high added value, was able to build on the very strong performance of previous years in the EU with further volume growth of 5.9 percent (VCI WCR).

Developments in the oil and gas industry in the UK and Norway were characterized by new impetus in the area of transformation and entry into carbon capture and storage (CCS). The British North Sea Transition Authority awarded 21 CCS licenses to 14 companies for depleted gas and oil production fields with a total area of 12,000 square kilometers (NSTA PR). In the fields in the United Kingdom, oil production fell by 6.0 percent and gas production by 10.8 percent (NSTA PEP). Nevertheless, the increase in investments, operating budgets and expenses for demolition from the previous year continued. On the other hand, expenses for exploration and confirmation drilling declined again after a brief increase in the prior year. Overall, expenditure in the British oil and gas sector rose sharply once again from £14.6 billion to £15.8 billion (NSTA PEP). In contrast to the British production fields, Norway managed to further increase its oil production by 7.0 percent (NP PF). Due to strong European demand, the increase in liquefied petroleum gas production was particularly sharp, recording an increase of 17.9 percent (NP PF). Norway also awarded new licenses for CCS projects this year in the fifth round of tenders since 2018 (NP CCS). Europe is the global leader with 119 CCS plants under construction (as of October 2023), which corresponds to an increase of 61 percent within one year (CCS in Europe).

The energy sector was able to overcome the 2022 supply freeze for Russian gas in the following first winter without any supply bottlenecks. The move to supplies from other countries as well as increased energy efficiency combined with a decline in consumption by private households and industry due to a change in energy sources contributed to this development. Declines in industrial production of energy-intensive products also played a role in lower demand for gas. Imports of liquefied natural gas, which also took place through the new terminals built since 2022, accounted for just under 7 percent of the natural gas consumed in Germany at the end of 2023. In addition, increased imports from Norway and the Netherlands contributed significantly to a stabilization of the situation (BDEW natural gas data). In November, the German government launched an amendment to the Energy Industry Act with the objective of securing funding for the construction of a hydrogen core network through grid fees. There are currently 1.8 million industrial and commercial customers connected to the gas distribution grid, and many of them want to purchase hydrogen in the future (BDEW hydrogen core grid). There was continued progress in the transition of electricity production toward renewable energies. In the first three quarters of the year, these sources were able to cover 52 percent of gross electricity consumption, corresponding to an increase of almost 5 percentage points compared to the previous year (BDEW renewables). At the same time, the adjustments made to the electricity mix during the energy crisis were accompanied by stable demand for services related to extending the service life of conventional power plants. The price of electricity for industrial customers fell again compared to the high price year of 2022 due to the strong influence of natural gas prices, although prices were still significantly higher than in 2021 (BDEW electricity price analysis).

Engineering & Maintenance International

In the USA, energy-intensive sectors benefited from low electricity prices. These prices averaged less than half the German price level for industrial customers in the reporting year (AFRY, p. 21).

The previous year's US$430 billion *Inflation Reduction Act* (IRA) took effect and has begun to provide extensive funding for the expansion of renewable energies and the reduction of carbon emissions including through the promotion of CCS projects (GTAI U.S. Chemicals). In addition, the Inflation Reduction Act includes tax benefits for electric cars, so that the electric car boom has continued and has led to further investment in battery technologies and factories. The attractive combination of consistently low energy prices and financial incentives led to a large number of new investment projects by European companies in renewable energy, battery storage and the establishment of new production capacities for energy-intensive products (GTAI U.S. Chemicals). The general economic trend in the USA, which was better than in Europe, contributed to the relatively stable development of the chemical industry there. Despite the weakness of the construction sector and the associated drop in demand for construction chemicals, the decline in chemical production remained limited at -1.9 percent (January to October) (VCI WCR). The North American pharmaceutical industry actually grew by 6.9 percent (VCI WCR).

While OPEC countries cut their production, the US oil and gas sector once again increased its production and contributed to the moderate trend in oil prices through rising exports despite the Gaza conflict. The year-on-year decline in prices led to a decrease in the number of active production sites from 779 at the end of 2022 to 622 at the end of 2023 (Baker Hughes). Nevertheless, oil production rose sharply from 11.9 to 12.9 million tons per day (EIA STEO). Liquefied natural gas exports, which are in high demand in Asia and Europe, also increased by a further 11.3 percent (EIA STEO). With falling prices, cash flows in the sector decreased compared to the record level of the previous year but still reached the good level of the beginning of 2021 (RBN). Carbon emissions in the USA fell due to the sharp decline in coal-fired power generation. The significant decline in the share of coal in electricity production from 20 to 16 percent was replaced by a slight increase in renewable energy sources from 21 to 22 percent and an increase in natural gas from 39 to 42 percent, while nuclear power contributed a stable 19 percent to the overall electricity mix (EIA STEO).

In the Gulf states, oil revenue fell due to lower prices and a downturn in production. Given the strong financial situation as a result of the very high oil and gas prices in the previous year, however, the state and companies proved to be strong investors. In Saudi Arabia, the expansion of the chemical industry is progressing at a rapid pace. Projects with a volume of US$29 billion are currently being planned or are already under construction (GTAI Saudi Arabia Chemicals). Saudi Arabia also intends to play a leading role as a hydrogen producer in the future, with a target production volume of 4 million tons of blue and green hydrogen by 2025 (GTAI Saudi Arabia Hydrogen). In Qatar, natural gas extraction and the production of liquefied natural gas are being greatly expanded in order to meet increased demand, particularly from Europe (GTAI Qatar).

Technologies

In Europe, nuclear power will once again play a growing role in the supply of electricity. The European Union currently operates approximately 100 reactors, around a quarter of the worldwide total (BMK). Olkiluoto 3, the largest nuclear reactor in Europe, was connected to the grid in Finland in April and since then it alone has provided 14 percent of Finland's electricity production (SZ New nuclear reactor). Two nuclear power plants are currently under construction in the EU (in Slovakia and France). A number of countries around the world are increasingly turning to nuclear power once again as part of their decarbonization strategies (BMK). In Europe, the energy crisis of 2022 led to a reassessment of nuclear power in addition to climate policy initiatives. The last three nuclear power plants in Germany were shut down in April, but several member states have initiated a further expansion of nuclear energy. Belgium postponed its planned phase-out from 2025 to

2035. The Netherlands canceled its phase-out plans and is now planning the construction of two new nuclear power plants. Poland is looking to move into nuclear power with plans to commission a first nuclear power plant by 2033 (BMK). The French plans are particularly ambitious. The government of France has not only decided to extend the service life of existing reactors, but has also announced the construction of six new pressurized water reactors (FAZ France's nuclear industry). In the UK, the Hinkley Point C reactor currently under construction is scheduled for completion in 2027 (World Nuclear Restart). Another new nuclear power plant, the Sizewell C project, is currently in the planning phase.

In addition to the further expansion of renewable energy sources, the expansion of the capacity of flexible gas-fired power plants is an important pillar for the reliability of the supply of electricity in Germany given the strongly fluctuating availability of renewable electricity generation. In the reporting year, 13 new gas-fired power plants with a total output of 1,762 megawatts were under construction or in trial operation (BNA KWL). With the last nuclear power plants in Germany now shut down, there is only one market left for the decommissioning of nuclear facilities. This market will remain significant for the foreseeable future. At the end of 2022, operators' balance sheets showed provisions for decommissioning totaling €20.5 billion. In the reporting year, financed decommissioning services amounted to €2.4 billion (German Transparency Act).

Developments in the global pharmaceutical and biopharmaceutical industry were significantly impacted in the short term by the end of the special COVID-19-related economic program. As a result of the 50 percent reduction in revenues for the vaccines and therapeutic drugs in question, global prescriptions have stagnated for the first time in many years (Evaluate). On the other hand, research expenditures in the sector continued to increase. There is an ongoing shift toward biopharma. Overall, the pharmaceutical and biopharmaceutical market in Europe is benefiting from stable growth in demand from healthcare systems as well as efforts to bring supply chains and production back to Europe. The objective is to improve the supply situation with medicines, something that has been very tight in recent years. This favorable and stable environment has ensured strong demand for maintenance and repair services from this sector.

Sources

AFRY: Brief study: International comparison of electricity prices for industry, AFRY Management Consulting GmbH, October 2023.
Baker Hughes: Baker Hughes Rig Count, count as of January 19, 2024.
BDEW natural gas data: BDEW natural gas data, update: November 23, 2023.
BDEW renewables: Renewable energies cover 52 percent of electricity consumption in the first three quarters, BDEW press release September 29, 2023.
BDEW electricity price analysis: BDEW electricity price analysis July 2023, July 26, 2023.
BDEW hydrogen core grid: Core grid needs clear and secure investment framework, BDEW press release, November 15, 2023.
BMK: Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology Austria, Nuclear Energy in the EU, www.bmk.gv.at/themen/klima_umwelt/nuklearpolitik/euratom/eu.html (accessed: November 24, 2023).
BNA KWL: Federal Network Agency power plant list, data as of July 19, 2023.
Bundestag Transparency Act: Report pursuant to Section 7 of the Transparency Act - Decommissioning of nuclear power plants, Bundestag publication 20/9575 dated November 23, 2023.
CCS in Europe: CCS in Europe Regional Overview, November 2023, Global CCS Institute.
CEFIC Belgium: https://cefic.org/a-pillar-of-the-european-economy/landscape-of-the-european-chemical-industry/belgium/#h-how-are-we-doing (accessed: November 25, 2023).
DG ECFIN Forecast: European Economic Forecast, Autumn 2023, European Economy, Institutional Paper 258, November 2023.
EIA STEO: U.S. Energy Information Agency, Short-term Energy Outlook, November 2023.
Eurostat: Inflation in the euro area, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area (Retrieved: January 22, 2024).
Evaluate: EvaluatePharma, World Preview 2023, Pharma's Age of Uncertainty.
FAZ France's nuclear industry: France's nuclear industry has confidence, Frankfurter Allgemeine Zeitung, December 1, 2023.
FAZ Oil production U.S.: U.S. oil production at record level, Frankfurter Allgemeine Zeitung, November 11, 2023.
Finanzen: Oil price (WTI) chart in dollars, https://www.finanzen.net/rohstoffe/oelpreis (accessed: January 22, 2024).
GTAI Belgium Plastics: Belgium is Germany's main supplier country for plastics, GTAI, June 26, 2023.
GTAI Qatar: Qatar remains dependent on the oil and gas sector, GTAI, May 9, 2023.
GTAI Poland Plastics: Poland's supply of plastics is increasing, GTAI, June 26, 2023.
GTAI Saudi Arabia: Chemical industry continues expansion process, GTAI, April 10, 2023.
GTAI Saudi Arabia Hydrogen: Saudi Arabia is working on major hydrogen projects, GTAI, June 1, 2023.
GTAI U.S. Chemicals: The outlook for the U.S. chemical industry is somewhat gloomier, GTAI, November 1, 2023.
Handelsblatt Eli Lilly: Why Eli Lilly is investing €2.3 billion in Germany, Handelsblatt, November 17, 2023.
Lün: Industrial service companies in Germany, sales, markets, structures, trends, Lünendonk Study 2023.
NP CCS: Announcement 2023, round 1, https://www.npd.no/en/facts/carbon-storage/licences-for-carbon-storage/2023/ (accessed: November 25, 2023).
NP PF: Norwegian Petroleum, Production Forecasts, October 6, 2023.

NSTA PEP: North Sea Transition Authority, Production and Expenditure Projections, September 2023.
NSTA PR: Net Zero Boost as Carbon Storage Licenses Accepted, NSTA Press Release, September 15, 2023.
RBN: Baby Come Back - Oil and Gas Producers' Earnings Rebound in Q3 After a Five-Quarter Slide, RBN Energy, November 24, 2023.
Statista: Inflation rate in the Euro area, www.statista.com/statistics/265843/monthly-inflation-rate-in-the-euro-area/ (accessed: November 5, 2023).
SZ New nuclear reactor: New nuclear reactor in Finland: Late, expensive, but welcome, Süddeutsche Zeitung, April 17, 2023.
VCI QB: The economic situation of the chemical-pharmaceutical industry, Quarterly Report 3.2023, VCI.
VCI WCR: World Chemistry Report, December 2023.
World nuclear restart: Britain's nuclear restart, Welt, July 19, 2023.
World Bank GCC: GCC Economic Growth Expected to Slow to 2.5 percent in 2023, Press Release, May 17, 2023, World Bank.

B.2.1.2 Factors influencing business development

The central factor influencing the Bilfinger Group's operating business is the constantly growing demand for services to enhance efficiency and sustainability.

The activities of the Engineering & Maintenance Europe, Engineering & Maintenance International and Technologies segments in the regions of Europe, North America and the Middle East are each subject to specific influencing factors in the individual industries in which Bilfinger operates as a service provider. In the year under review, the following current and long-term development trends were recorded:

FACTORS INFLUENCING BUSINESS DEVELOPMENT

		Energy	Chemical & petrochemical	Pharma & biopharma	Oil & gas
Group*	Framework and service contracts: 60% Projects: 40%	Share of revenue: 20%	Share of revenue: 30%	Share of revenue: 10%	Share of revenue: 15%
		• First specific investment decisions in the area of carbon capture and hydrogen visible • Nuclear: Positive outlook, Investment in new builds worldwide, e.g. France investing in 14 new nuclear power plants, UK investing in 5 operating nuclear power plants • Positive market for sustainable solutions (in the area of heat storage, heat pumps, district heating, etc.)	• Positive development in the USA and Middle East - decline in production in Europe • Expected global CAGR ~5% in petrochemical • Aging assets and longer lifecycles driving demand • Sustainability investments and focus on cost efficiency as drivers	• Positive development in CAPEX on new plants • Expected growth rates in Europe with CAGR >6% 2024-2028 • USA and Middle East with good growth prospects - Biopharma market volume with catch-up potential in the Middle East	• Oil companies investing more OPEX in oil & gas - less focus on investments in energy transition • US oil production expected to reach record highs in 2024 and 2025 • EU gas market returns to normal - higher LNG sales
Engineering & Maintenance Europe	Framework and service contracts: 80% Projects: 20%	Share of revenue: 10%	Share of revenue: 40%	Share of revenue: 5%	Share of revenue: 20%
Engineering & Maintenance International	Framework and service contracts: 70% Projects: 30%	Share of revenue: 10%	Share of revenue: 10%		Share of revenue: 15%
Technologies	Framework and service contracts: 5% Projects: 95%	Share of revenue: 30%	Share of revenue: 10%	Share of revenue: 50%	Share of revenue: 5%

* The respective remaining portions were accounted for by various industrial sectors outside the defined core industries.

In the Engineering & Maintenance Europe segment, the importance of framework and service contracts was highest with a roughly 80 percent share of segment revenue. Revenue in the project business totaled 20 percent.

At Engineering & Maintenance International around 70 percent of revenue came from framework and service contracts and 30 percent from project business.

In the Technologies segment, with around 95 percent, revenue was generated almost entirely from the execution of projects and the production of components, while framework and service contracts accounted for 5 percent of revenue.

For the Group as a whole, framework and service agreements slightly predominated with a share of around 60 percent of Group revenue, while projects and component manufacturing accounted for around 40 percent.

As part of updating its strategy, Bilfinger has set a goal of reducing the share of project business in revenue to 20 percent in the coming years. This is already visible in the E&M International segment through the repositioning of the US business. The Group's operating risk profile will be improved by increasing the proportion of low-risk framework and service contracts.

B.2.2 Results of operations

OVERVIEW OF ORDERS AND REVENUE

in € million	2023	2022	Δ in %
Orders received	4,735.3	4,615.0	3
Order backlog	3,384.7	3,225.8	5
Revenue	4,485.6	4,312.0	4

In financial year 2023, orders received for the Bilfinger Group of €4,735.3 million were 3 percent above the prior-year figure; organically, the increase was 5 percent. Order backlog at the end of the year was €3,384.7 million and was therefore 5 percent (organically: 5 percent) higher than the previous year's figure. Revenue grew by 4 percent (organically: 7 percent) to €4,485.6 million. The increase in orders received and revenue was driven by growth in the Engineering & Maintenance Europe and Technologies segments, while both key figures were down in the Engineering & Maintenance International segment compared to the previous year due to the realignment of the U.S. business line.

REVENUE BY REGION

in € million	2023		2022		Δ in %
Germany	1,066.8	24%	1,002.8	23%	6
Rest of Europe	2,555.1	57%	2,289.2	53%	12
America	538.7	12%	686.5	16%	-22
Africa	166.6	4%	171.1	4%	-3
Asia[1]	158.4	4%	162.2	4%	-2
Total	**4,485.6**		**4,312.0**		**4**

1 including Australia

In the reporting year, about 81 percent of revenue was accounted for by European markets. Germany accounted for 24 percent of revenue, with the Netherlands and Belgium, the Scandinavian countries, the United Kingdom and Austria as the main European markets. 12 percent of revenue was generated in North America while Asia and Africa each contributed 4 percent.

REVENUE BY BUSINESS SEGMENT

in € million	2023	2022	Δ in %
Engineering & Maintenance Europe	2,978.8	2,784.5	7
Engineering & Maintenance International	681.8	797.8	-15
Technologies	737.1	592.0	24
Reconciliation Group	88.0	137.7	-36
thereof Other Operations	167.1	197.1	-15
thereof headquarters / consolidation / other	-79.1	-59.4	-33
Total	**4,485.6**	4,312.0	4

Engineering & Maintenance Europe

ENGINEERING & MAINTENANCE EUROPE

in € million	2023	2022	Δ in %
Orders received	3,094.1	2,917.8	6
Order backlog	2,007.9	1,876.0	7
Revenue	2,978.8	2,784.5	7

At Engineering & Maintenance Europe, orders received increased by 6 percent (organically: 8 percent) to €3,094.1 million. On the whole, demand for services to enhance customers' efficiency and sustainability remains strong. Order backlog also increased to €2,007.9 million. Revenue was up 7 percent (organically: 9 percent) to €2,978.8 million.

ENGINEERING & MAINTENANCE EUROPE: REVENUE BY REGION

in € million	2023		2022		Δ in %
Germany	818.5	27%	751.1	27%	9
Rest of Europe	2,157.7	72%	2,013.9	72%	7
Other	2.6		19.5		-87
Total	**2,978.8**		2,784.5		7

In 2023, about 27 percent of revenue generated in the Engineering & Maintenance Europe segment again came from Germany. Other European countries – with a focus on the Netherlands and Belgium, Scandinavia, the United Kingdom and Austria – continued to account for 72 percent of segment revenue.

Engineering & Maintenance International

ENGINEERING & MAINTENANCE INTERNATIONAL

in € million	2023	2022	Δ in %
Orders received	732.9	832.9	-12
Order backlog	550.9	549.7	0
Revenue	681.8	797.8	-15

Orders received at Engineering & Maintenance International were down -12 percent (organically: -10 percent) to €732.9 million. Order backlog at the end of the year remained at an unchanged level with €550.9 million. Revenue declined by -15 percent (organically: -12 percent) to €681.8 million. The lower level of orders received and lower revenue in the segment resulted from the realignment of the US business line. In the Middle East, both figures increased compared to the previous year.

ENGINEERING & MAINTENANCE INTERNATIONAL:
REVENUE BY REGION

in € million	2023		2022		Δ in %
America	525.4	77%	657.4	82%	-20
Asia	156.9	23%	140.4	18%	12
Total	**681.8**		797.8		-15

Business outside Europe is bundled in the Engineering & Maintenance International segment. In the reporting year, the share of revenue generated in the North American market fell to 77 percent as planned, while the share of segment revenue generated in the Middle East increased to 23 percent.

Technologies

TECHNOLOGIES

in € million	2023	2022	Δ in %
Orders received	777.3	672.0	16
Order backlog	731.7	687.9	6
Revenue	737.1	592.0	24

In the Technologies segment, orders received increased by 16 percent (organically: 16 percent) to €777.3 million. The segment continues to benefit from strong demand in both its *pharma and biopharma* and *nuclear* business lines. At €731.7 million, order backlog at the end of the reporting year was above the prior year. Revenue increased significantly by 24 percent (organically: 25 percent) to €737.1 million.

TECHNOLOGIES:
REVENUE BY REGION

in € million	2023		2022		Δ in %
Germany	281.4	38%	286.9	48%	-2
Rest of Europe	440.2	60%	269.6	46%	63
America	12.5	2%	28.0	5%	-55
Africa	0.0	0%	0.6	0%	-94
Asia[1]	2.9	0%	6.9	1%	-57
Total	737.1		592.0		24

1 including Australia

In the Technologies segment, the proportion of revenue generated in Germany fell to 38 percent, while 60 percent of the volume was generated in other European countries, with a focus on the United Kingdom, Austria and France. The markets in North America, the Middle East and Africa accounted for a total of around 2 percent of segment revenue.

Reconciliation Group

RECONCILIATION GROUP

in € million	2023	2022	Δ in %
Orders received	131.0	192.2	-32
thereof Other Operations	165.8	227.2	-27
thereof headquarters / consolidation / other	-34.9	-35.0	1
Revenue	88.0	137.7	-36
thereof Other Operations	167.1	197.1	-15
thereof headquarters / consolidation / other	-79.1	-59.4	-33

Bilfinger reports on operating units that are active outside the defined business segments, regions and industries under Other Operations. These units are not part of the strategic positioning of the Group; they are managed independently for value until a suitable owner has been found. Other Operations included one company in South Africa in financial year 2023.

In Other Operations, orders received decreased by -27 percent (organically: -5 percent) to €165.8 million. Revenue declined by -15 percent to €167.1 million due to the deconsolidation of a company sold at the end of 2022. Organic sales at the remaining unit in South Africa increased by 12 percent.

Revenue

CONSOLIDATED INCOME STATEMENT (ABRIDGED)

in € million	2023	2022
Revenue	**4,485.6**	**4,312.0**
Cost of sales	-4,022.9	-3,874.9
Gross profit	**462.7**	**437.2**
Selling and administrative expense	-297.8	-307.5
Impairment losses and reversals of impairment losses in accordance with IFRS 9	-1.2	-2.9
Other operating income and expense	21.1	-56.4
Income from investments accounted for using the equity method	5.0	5.1
Earnings before interest and taxes (EBIT)	**189.7**	**75.5**
Financial result	-26.4	-23.9
Earnings before taxes	**163.3**	**51.5**
Income taxes	18.3	-20.4
Earnings after taxes from continuing operations	**181.6**	**31.1**
Earnings after taxes from discontinued operations	**3.5**	**-0.1**
Earnings after taxes	185.0	31.0
thereof non-controlling interests	3.6	2.9
Net profit	**181.5**	**28.2**
Basic earnings per share (in €)	4.84	0.71
thereof from continuing operations	4.75	0.71
thereof from discontinued operations	0.09	0.00
Diluted earnings per share (in €)	4.82	0.71
thereof from continuing operations	4.73	0.71
thereof from discontinued operations	0.09	0.00

In a stable market environment across all regions and sectors, Group revenue was up 4 percent to €4,485.6 million (previous year: €4,312.0 million) in the reporting year. This figure includes in particular revenue from the provision of services and from production orders.

Cost of sales

The main components of cost of sales are material expenses and personnel expenses. Other components of cost of sales are depreciation of property, plant and equipment, amortization of rights of use from leases in accordance with IFRS 16 and of intangible assets from acquisitions, and other costs directly allocable to the selling process. The level of these costs in relation to sales revenue differs from period to period and fluctuates from order to order, mainly depending on the extent that subcontractors are used. Whereas order processing in the Group's own output volume is reflected in both material expenses and personnel expenses, all costs for the use of subcontractors are allocated to material expenses.

Cost of sales increased by 4 percent to €4,022.9 million (previous year: €3,874.9 million), and in relation to revenue was 90 percent, as was also the case in the prior year. Of that total, material and personnel expenses accounted for 78 percentage points (previous year: 78 percentage points). Scheduled amortization of intangible assets from acquisitions amounted to €1.1 million (previous year: €0.0 million). Depreciation of property, plant and equipment and the amortization of other intangible assets amounted to €43.8 million (previous year: €42.7 million). Depreciation and amortization on rights of use from leases was €36.2 million (previous year: €33.0 million).

Gross profit

Gross profit increased by 6 percent to €462.7 million (previous year: €437.2 million). This is primarily due to the increase in revenue, with the repositioning of the US business also making a positive contribution. Gross margin as a percentage of revenue was 10.3 percent (previous year: 10.1 percent).

Selling and administrative expense

Selling and administrative expenses fell by 3 percent to €297.8 million (previous year: €307.5 million) on higher revenue despite inflation. Initial positive effects from the efficiency program had an impact here.

Selling and administrative expenses as a percentage of revenue fell further to 6.6 percent (previous year: 7.1 percent).

Other operating income and expense

The balance of other operating income and expense was positive at €21.1 million (previous year: -€56.4 million).

Income increased to €33.5 million (previous year: €29.4 million). The disposal of property, plant and equipment in the amount of €14.2 million (previous year: €12.2 million) mainly resulted from the sale of real estate at €12.9 million (previous year: €9.9 million). Income from currency translation and hedging amounted to €2.2 million (previous year: €7.2 million). Income from operating investments of €0.5 million (previous year: €2.9 million) mainly includes income from the sale of subsidiaries and investments accounted for using the equity method. Other income includes a large number of items which, individually, are of minor importance.

Other operating expense was well below the prior-year figure at €12.4 million (previous year: €85.9 million). This was mainly due to the drop in restructuring expenses to €0.0 million (previous year: €65.7 million). In the previous year, this mainly included expenses from the establishment of provisions in connection with the efficiency program in the amount of €62.4 million as well as expenses due to the effects of the war in Russia and Ukraine. Expenses from currency translation and hedging fell to €7.5 million (previous year: €11.6 million). Expenses from operating investments of €1.9 million (previous year: €0.2 million) mainly include losses from the disposal of and write-downs on investments. Other expense includes a large number of items which, individually, are of minor importance.

Income from investments accounted for using the equity method

Income from investments accounted for using the equity method is composed of income and expenses from associates and joint ventures. At €5.0 million (previous year: €5.1 million), it was at the level of the previous year.

EBIT / EBITA

After the scheduled amortization of intangible assets from acquisitions in the reporting year in the amount of €1.1 million (previous year: €0.0 million), the Group’s EBITA amounted to €190.8 million (previous year: €75.5 million).

EBITA BY BUSINESS SEGMENT

	EBITA in € million		EBITA margin in %	
	2023	2022	**2023**	2022
Engineering & Maintenance Europe	161.1	104.7	5.4	3.8
thereof special items	*2.6*	*-35.5*		
Engineering & Maintenance International	2.9	-8.4	0.4	-1.0
thereof special items	*1.4*	*-3.0*		
Technologies	33.3	8.4	4.5	1.4
thereof special items	*-0.8*	*-9.2*		
Reconciliation Group	-6.5	-29.3		
thereof special items	*-3.9*	*-16.7*		
thereof Other Operations	14.0	17.5		
thereof special items	*0.0*	*0.0*		
thereof headquarters / consolidation / other	-20.5	-46.8		
thereof special items	*-3.9*	*-16.7*		
Continuing operations	**190.8**	75.5	**4.3**	1.8
thereof special items	*-0.7*	*-64.5*		

SPECIAL ITEMS IN EBITA

	EBITA in € million		EBITA margin in %	
	2023	2022	**2023**	2022
EBIT	**189.7**	75.5		
Amortization of intangible assets from acquisitions and goodwill	1.1	0.0		
EBITA	**190.8**	75.5	**4.3**	1.8
Special items	0.7	64.5		
Expense for restructuring and efficiency enhancement	-1.1	66.8		
Expense for process and system harmonization	0.0	0.0		
Income / expense from the disposal of investments	1.7	-2.3		

The EBITA margin increased significantly to 4.3 percent (previous year: 1.8 percent). The increase is a result of operational improvements while special items declined significantly to €0.7 million (previous year: €64.5 million). In the previous year, most of the special items of €62.4 million were attributable to provisions for the efficiency program launched in 2022. The objective of the program, which is now fully implemented from an organizational perspective, is to make the company even leaner and more competitive. Changes were introduced primarily in administration and administrative processes to significantly reduce costs and simplify workflows. The efficiency program is expected to generate selling and administrative cost savings of around €55 million beginning in 2024. Initial effects already had a positive impact on the Group's EBITA in the reporting year.

In addition, there were special items from provisions and impairment losses in the previous year at *Engineering & Maintenance Europe* in connection with the withdrawal from the Russian business amounting to €5.9 million.

Proceeds received in EBITA from the sale of land and real estate amounted to €12.9 million (previous year: €9.9 million).

All segments contributed to the operational improvement in EBITA. In Engineering & Maintenance Europe, EBITA rose due to higher revenue and a strong operating performance to €161.1 million (previous year: €104.7 million), corresponding to an EBITA margin of 5.4 percent (previous year: 3.8 percent).

At Engineering & Maintenance International, EBITA improved to €2.9 million (prior year: -€8.4 million), while the EBITA margin was 0.4 percent (previous year: -1.0 percent). It is an integral component of Bilfinger's strategy to reduce risk in the project business and to lower the proportion of total revenue accounted for by projects. This is particularly evident in this segment and should contribute significantly to a further improvement in earnings.

At Technologies, EBITA increased significantly to €33.3 million (previous year: €8.4 million), while the EBITA margin rose to 4.5 percent (previous year: 1.4 percent). This segment continues to benefit from strong demand in both its pharma & biopharma and nuclear business lines.

In the reporting year, EBITA not allocated to the business segments amounted to -€6.5 million (previous year: €29.3 million). In addition to the results from Other Operations, this also included income and expense for headquarters and the above-mentioned proceeds from the sale of land and real estate in the amount of €12.9 million (previous year: €9.9 million) as well as consolidation. At -€3.9 million (previous year: -€16.7 million), special items were significantly lower than in the previous year.

Financial result

The financial result of -€26.4 million (previous year: -€23.9 million) was slightly below the prior-year figure. Interest income increased primarily due to higher investment interest rates to €19.6 million (previous year: €5.7 million).

The current interest expense amounted to -€45.0 million (previous year: -€28.3 million). At -€29.1 million (previous year: -€20.2 million), this expense is largely attributable to financial liabilities with fixed and variable interest rates. The interest coupon for the bond we issued maturing in 2024 remained unchanged at 4.500 percent in the reporting year. To refinance this bond, Bilfinger issued promissory note loans with a total volume of €175 million in June 2023. There are four tranches with terms of three and five years with fixed and variable interest rates.

The interest expense on lease liabilities in accordance with IFRS 16 amounted to -€7.1 million (previous year: -€5.4 million); the result from securities amounted to €0.7 million (previous year: -€0.5 million). The interest expense from additions to pension provisions increased significantly due to the rise in interest rates. Net of income from plan assets, this amounted to -€8.8 million (previous year: -€2.7 million).

Interest expense for minority interests relates to minority interests in earnings that are reported as liabilities due to contractual arrangements, in particular put options in accordance with IAS 32. These amounted to -€1.8 million (previous year: -€0.9 million).

Earnings before and after taxes

Earnings before taxes increased significantly to €163.3 million (previous year: €51.5 million).

In the reporting year, deferred tax assets were recognized in the German tax group of Bilfinger SE for the first time since 2014 due to positive taxable earnings in 2023 and positive taxable earnings forecasts for the planning period 2024-2028. The resulting tax income amounted to €60.8 million. In previous years, the deferred tax assets were fully adjusted because the tax results were negative.

Earnings after taxes amounted to €185.0 million in the reporting year (previous year: €31.0 million).

Details are explained in Chapter C.6.13 Income taxes.

Non-controlling interests

Profit attributable to non-controlling interests was €3.6 million (previous year: €2.9 million).

Net profit / earnings per share

Net profit increased to €181.5 million (previous year: €28.2 million) as a result of the higher EBITA. In addition to the improved operating performance, capitalization of deferred taxes in the amount of €61.1 million contributed significantly to the increase in the net profit. Basic earnings per share decreased to €4.84 (previous year: €0.71); diluted earnings per share rose to €4.82 (previous year: €0.71).

Net profit from continuing operations adjusted for the above-mentioned special items amounted to €116.9 million (previous year: €81.8 million); adjusted earnings per share from continuing operations amounted to €3.11 (previous year: €2.06). The figure relates to diluted earnings per share.

Dividend

The Executive Board and the Supervisory Board will propose to the Annual General Meeting that an increased dividend of €1.80 per share be distributed (previous year: €1.30 per share). This is intended to allow shareholders to participate in Bilfinger's positive operating performance in the past financial year. The payout ratio in relation to adjusted net profit is nearly 60 percent and is thus at the upper end of the range for the company's dividend policy.

Value added

VALUE ADDED IN THE BUSINESS SEGMENTS	Capital employed in € million		Return in € million		ROCE in %		Cost of capital in %		Value added in € million	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Engineering & Maintenance Europe	889.4	956.4	135.6	91.6	15.2	9.6	7.7	8.3	66.8	11.9
Engineering & Maintenance International	353.4	347.9	3.5	-8.0	1.0	-2.3	7.6	9.5	-23.5	-41.0
Technologies	242.8	248.1	33.0	10.7	13.6	4.3	9.9	10.5	9.1	-15.3
Reconciliation Group	397.7	357.9	56.2	-34.0	–	–	–	–	22.7	-65.2
thereof Other Operations	27.9	42.4	10.3	12.6	36.9	29.6	13.2	15.0	6.6	6.2
thereof headquarters / consolidation / other	369.7	315.4	45.9	-46.5	–	–	–	–	16.1	-71.4
Continuing operations	**1,883.2**	1,910.2	**228.3**	60.3	**12.1**	3.2	**8.1**	8.9	**75.1**	-109.5

Value added – the difference between the return on capital employed (ROCE) and the cost of capital – is an important key figure for measuring the return on capital employed and for its efficient controlling. We include continuing operations in order to provide better comparability over time in the consideration of return on capital employed.

To determine the return, we rely on an after-taxes calculation, based on EBIT and including interest income and income from securities. This means that we also consider special items, amortization of capitalized assets from acquisitions as well as potentially goodwill impairments in the calculation of the return. We thus want to ensure that all success components are represented in our return on capital employed.

The average capital employed of continuing operations decreased to €1,883.2 million in the reporting year (previous year: €1,910.2 million, while the return from continuing operations increased significantly to €228.3 million (previous year: €60.3 million).

The weighted average cost of capital (WACC) for the Group was 8.1 percent after taxes (previous year: 8.9 percent). ROCE in the reporting year was 12.1 percent (previous year: 3.2 percent). The absolute value added was positive at €75.1 million (previous year: -€109.5 million).

B.2.3 Net assets

CONSOLIDATED BALANCE SHEET

in € million	2023	2022
Assets		
Non-current assets		
Intangible assets	788.0	786.5
Property, plant and equipment	246.7	246.2
Right of use assets from leases	163.5	173.2
Investments accounted for using the equity method	13.3	12.7
Other non-current assets	6.7	7.3
Deferred taxes	87.9	35.9
	1,306.2	**1,261.9**
Current assets		
Inventories	87.3	80.8
Receivables and other current assets	1,180.10	1,078.5
Current tax assets	8.9	7.3
Other assets	46.1	35.2
Securities	0.0	0.0
Marketable securities	190.5	14.9
Cash and cash equivalents	538.4	573.4
Assets classified as held for sale	0.0	0.0
	2,051.3	**1,790.1**
Total	**3,357.4**	**3,052.0**
Equity & liabilities		
Equity		
Share capital	132.6	132.6
Capital reserve	763.0	765.9
Retained and distributable earnings	282.9	293.3
Other reserves	-1.8	0.7
Treasury shares	-3.5	-104.7
Equity attributable to shareholders of Bilfinger SE	1,173.1	1,087.9
Minority interest	8.4	-9.7
	1,181.5	**1,078.2**
Non-current liabilities		
Provisions for pensions and similar obligations	260.7	238.7
Other provisions	18.7	17.3
Financial debt	294.9	388.9
Other liabilities	0.1	0.0
Deferred taxes	16.0	10.8
	590.4	**655.7**
Current liabilities		
Current tax liabilities	25.5	29.7
Other provisions	201.8	238.8
Financial debt	313.9	54.7
Trade and other payables	835.3	787.0
Other liabilities	209.1	208.1
Liabilities classified as held for sale	0.0	0.0
	1,585.5	**1,318.2**
Total	**3,357.4**	**3,052.0**

The company’s net assets remain sound. The balance-sheet total increased to €3,357.4 million (previous year: €3,052.0 million).

On the assets side, non-current assets decreased to €1,306.2 million (previous year: €1,261.9 million). Intangible assets amounted to €788.0 million (previous year: €786.5 million) and were thus at the level of the previous year. Goodwill included in this figure was largely unchanged at €782.8 million (previous year: €782.9 million). The annual impairment test pursuant to IAS 36 takes place at the business segment level. In addition to the annual impairment test, an impairment test is also to be carried out in the course of the year when there are indications for the impairment of a cash-generating unit. There were no such indications in the reporting year. A comparison of the recoverable amounts of the units with their carrying amounts including goodwill did not result in any need for impairments as of December 31, 2023. Detailed explanations are provided in Chapter *C. 6.15.1 Goodwill*. In the reporting year, non-current assets included property, plant and equipment amounting to €246.7 million (previous year: €246.2 million), while rights of use from leases in accordance with IFRS 16 totaled €163.5 million (previous year: €173.2 million).

Other non-current assets increased to €107.9 million (previous year: €55.9 million). This is primarily due to the increase in deferred tax assets to €87.9 million (previous year: €35.9 million) resulting from the capitalization of deferred taxes on loss carryforwards in the German tax group of Bilfinger SE carried out for the first time in several years.

Current assets increased to €2,051.3 million (previous year: €1,790.1 million). Receivables and other current assets recorded a growth-related increase to €1,180.1 million (previous year: €1,078.5 million); trade receivables increased to €656.4 million (previous year: €605.0 million), with receivables from work in progress rising to €383.4 million (previous year: €345.3 million).

Cash and cash equivalents and other financial investments increased to €728.9 million (previous year: €588.3 million) in the reporting year, mainly due to the assumption of new promissory note loans in preparation for the repayment of the bond maturing in 2024 in the amount of €255.8 million.

On the liabilities side, equity was higher at €1,181.5 million (previous year: €1,078.2 million), primarily due to a significant increase in earnings after taxes. A detailed breakdown and changes in equity are presented in Chapter *C.4 Consolidated statement of changes in equity*. The equity ratio was unchanged at 35 percent at the balance-sheet date (previous year: 35 percent).

Non-current liabilities declined to €590.4 million (previous year: €655.7 million). Provisions for pensions and similar obligations increased. With a lower actuarial interest rate in the euro zone of 3.20 percent (previous year: 3.75 percent), these provisions amounted to €260.7 million (previous year: €238.7 million). For detailed explanations, please refer to Chapter *C.6.24 Pension provisions and similar obligations*.

At €294.9 million (previous year: €388.9 million), non-current financial debt was below the level of the prior year. This item relates primarily to promissory note loans in the amount of €174.4 million (previous year: €5.5 million). The increase is due to new promissory note loans issued in June 2023 with a total volume of €175 million. They are divided into four tranches with terms of three and five years with fixed and variable interest rates. The promissory note loans serve to refinance the bond originally maturing in June 2024 in the amount of €255.8 million, which Bilfinger will repay early in March 2024. Non-current lease liabilities in accordance with IFRS 16 totaled €119.5 million (previous year: €133.2 million).

The reclassification of the bond due for repayment in the amount of €255.8 million to current financial liabilities resulted in an increase to €313.9 million (previous year: €54.7 million). This also includes current lease liabilities in accordance with IFRS 16 in the amount of €50.7 million (previous year: €47.9 million). Net liquidity including lease liabilities in accordance with IFRS 16 amounted to €120.1 million (previous year: €144.8 million).

Current liabilities rose to €1,585.5 million (previous year: €1,318.2 million), while other provisions fell to €201.8 million (previous year: €238.8 million). Working capital totaled €50.8 million (previous year: -€61.8 million). Trade accounts payable and other liabilities saw a growth-related increase to €835.3 million (previous year: €787.0 million), with trade accounts payable up at €444.6 million (previous year: €427.7 million). Advance payments received were also higher than in the previous year at €239.0 million (previous year: €214.6 million).

There were no assets and liabilities classified as held for sale as of the balance-sheet date, as was the case for each in the previous year.

B.2.4 Financial position

Principles and objectives of financial management

The main aspects of the Group's financial policy are determined by the Executive Board of Bilfinger SE. The prime objective of financial management is to maintain liquidity and limit financial risk. In addition, we regard financial flexibility as an important precondition for our further corporate development. Within the context of centralized Group financing, the application of available surplus liquidity as well as the provision and utilization of financing instruments for the entire Bilfinger Group are managed and executed by Group Treasury & Investor Relations.

Controlling of market price change risks as well as creditworthiness risks of financial counterparties is also carried out by means of a Group-wide limit and control system. To this end, financial derivatives are also used to a limited extent. We report on the management of financial risks in Chapter *B.3.3 General assessment of the risk situation* and in detail in the notes to the consolidated financial statements in Chapter *C.6.30 Risks related to financial instruments, financial risk management and hedging transactions*.

GROUP FINANCIAL STATUS RECOURSE LIABILITIES AND LIABILITIES FROM LEASE OBLIGATIONS	Credit facility	Availment	Credit facility	Availment
		2023		2022
in € million				
Bank guarantees	**897.3**	**565.8**	900.2	498.7
thereof with residual term < 1 year	897.3	565.8	900.2	498.7
Cash credit facilities/operating loans	**389.6**	**1.3**	389.2	1.6
thereof with residual term < 1 year	88.7	0.3	87.9	0.3
Corporate bond / promissory note loans	**437.2**	**437.2**	260.8	260.8
thereof with residual term < 1 year	262.8	262.8	6.4	6.4
Liabilities from lease obligations	**170.2**	**170.2**	181.1	181.1
thereof with residual term < 1 year	50.7	50.7	47.9	47.9

Financing

The main source of funds for corporate financing is our business operations and the cash they generate. This is based not only on operating profits, but also on the stringent management of working capital.

For the purpose of general corporate financing, we have a syndicated cash credit line with our core banks in the amount of €300.0 million (previous year: €300.0 million), which had not been utilized as of the reporting date. Availability of the facility is firmly committed until December 2028. The respective interest rate for drawings depends on the interest rate period selected; the credit margin is oriented toward a rating grid. The syndicated cash credit line includes a financial covenant in the form of a limitation of the dynamic gearing ratio (*adjusted net debt / adjusted EBITDA*). We also have additional short-term bilateral credit commitments of €88.3 million.

In addition, Bilfinger issued a bond in 2019 with a nominal value of €250.0 million, original maturity in June 2024 and a fixed interest rate over the entire period. This will be repaid three months before the regular maturity date, i.e. in March 2024, by drawing an early repayment right (3-month par call) at a price of 100 percent without early repayment fees. There are also fixed-interest promissory note loans in the amount of €5.5 million that are due in October 2024, including the final interest payment. In addition, several promissory note loans totaling €175.0 million were assumed in 2023 with maturities in June 2026 and June 2028 with partly variable and partly fixed interest rates over the term.

Bilfinger has at all times complied with the undertaking given in the terms and conditions of the new bond issued in June 2019 from the time of the issue of the bond in June 2019 until the end of the past financial year.

We have credit from bank guarantees of €897.3 million from various banks and bonding insurers available to meet the needs of the operating business, which are far from being fully utilized. Information on existing financial debt is provided in Chapter *C.6.26 Financial debt*.

Financial debt totaled €608.8 million (previous year: €443.5 million) at the reporting date, including lease liabilities in accordance with IFRS 16 in the amount of €170.2 million (previous year: €181.1 million). Of the financial liabilities €249.9 million (previous year: €388.9 million) was attributable to non-current and €313.9 million (previous year: €54.7 million) to current liabilities. The increase in current financial liabilities is due to the reclassification of the bond due for repayment in 2024 in the amount of €255.8 million. We do not utilize off-balance-sheet financing instruments. Bank balances of €1.4 million (previous year: €1.8 million) were pledged as of the reporting date.

Authorized capital of €66.3 million is available for future capital increases. Bilfinger also has conditional capital of €13.3 million to be used to grant conversion and / or warrant rights in the case of convertible bonds being issued. We report in detail on the existing authorizations of the Executive Board to raise capital in Chapter *B.6 Takeover-relevant information pursuant to Section 289a and Section 315a of the German Commercial Code (HGB)*.

Investments

Capital expenditure on property, plant and equipment and intangible assets – excluding intangible assets from acquisitions in accordance with IFRS 3 – increased to €58.6 million in the reporting year (previous year: €51.7 million). Of this amount, €43.6 million (previous year: €34.9 million) was invested in operating and office equipment, €8.3 million (previous year: €9.1 million) in technical equipment and machinery, €3.2 million (previous year: €2.1 million) in land and buildings and €1.1 million (previous year: €2.2 million) in intangible assets. Depreciation and amortization was unchanged at €48.5 million (previous year: €48.5 million). This figure includes impairment charges of €0.3 million (previous year: €0.5 million).

INVESTMENTS / DEPRECIATION BY BUSINESS SEGMENT

	Investments	Depreciation	Investments	Depreciation
		2023		2022
in € million				
Engineering & Maintenance Europe	48.8	38.4	41.5	37.3
Engineering & Maintenance International	4.1	3.9	3.4	3.9
Technologies	4.0	3.4	4.8	3.4
Reconciliation Group	1.7	2.8	2.0	3.9
thereof Other Operations	1.4	0.7	1.5	1.6
thereof headquarters / consolidation / other	0.3	2.1	0.5	2.3
Total	**58.6**	**48.5**	**51.7**	**48.5**

The Engineering & Maintenance Europe segment accounted for investments in the amount of €48.8 million (previous year: €41.5 million). €37.4 million was invested in operating equipment and office equipment, of which scaffolding accounted for €26.1 million. A further €6.3 million was invested in technical equipment and machinery and €2.9 million in real estate.

The Engineering & Maintenance International business unit invested €4.1 million (previous year: €3.4 million), of which €3.5 million was invested in operating and office equipment.

In the Technologies segment, investments amounted to €4.0 million (previous year: €4.8 million). Of that amount, €1.3 million went to operating and office equipment, €1.7 million to technical equipment and machinery and €0.2 million to intangible assets.

Investments in Other Operations totaled €1.4 million (previous year: €1.5 million).

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT BY REGION

	2023	2022	Δ in %
in € million			
Germany	21.2	14.6	45
Rest of Europe	34.2	33.3	3
America	1.2	1.7	-29
Africa	1.3	1.2	8
Asia	0.7	0.9	-22
Total	**58.6**	**51.7**	**13**

The regional focus of investment was on Europe, which accounted for 95 percent of the total (previous year: 93 percent). Germany accounted for 36 percentage points of European investment (previous year: 28 percentage points).

Cash flow statement

CONSOLIDATED STATEMENT OF CASH FLOWS

in € million		2023	2022
EBITA	190.8	190.8	75.5
Depreciation of property, plant and equipment, amortization of intangible assets (excluding from acquisitions) and right-of-use assets	98.6	98.6	98.7
Gains / losses on disposals of non-current assets	-12.7	-12.7	-14.1
Income from investments accounted for using the equity method	-5.0	-5.0	-5.2
Dividends received	4.4	4.4	3.9
Interest received	14.9	14.9	5.0
Income tax payments	-32.2	-32.2	-2.1
Change in advance payments received	20.1	20.1	62.6
Change in trade receivables and work in progress		-88.4	-162.2
Change in trade payables and advance payments made		13.1	83.9
Change in net trade assets		**-55.2**	**-15.7**
Change in current provisions		-27.7	41.7
Change in other current assets (including other inventories) and liabilities		-16.9	-9.3
Change in working capital		**-99.8**	**16.7**
Change in non-current assets and liabilities		-7.8	-12.9
Cash flow from operating activities of continuing operations		**151.4**	**165.5**
thereof special items		-27.0	-20.5
Capital expenditure on property, plant and equipment and intangible assets		-58.6	-51.7
Proceeds from the disposal of property, plant and equipment		29.0	22.1
Net cash outflow for property, plant and equipment / intangible assets		**-29.6**	**-29.6**
Free cash flow from continuing operations		**121.8**	**135.9**
thereof special items		-27.0	-20.5
Payments made / proceeds from the disposal of subsidiaries and other financial assets		**-0.6**	**8.4**
Acquisition of subsidiaries		**-12.5**	**-0.1**
Changes in marketable securities		**-175.0**	**174.7**
Cash flow from financing activities of continuing operations		**40.8**	**-382.6**
Share buyback		0.0	-100.0
Dividends		-51.5	-195.6
Payments from changes in ownership interest without change in control		-0.3	-0.6
Borrowing		175.0	0.0
Repayment of financial debt		-52.8	-61.2
Interest paid		-29.7	-25.2
Change in cash and cash equivalents of continuing operations		**-25.5**	**-63.7**
Change in cash and cash equivalents of discontinued operations		**-6.6**	**-4.9**
Change in value of cash and cash equivalents due to changes in foreign exchange rates		**-3.0**	**-0.8**
Change in cash and cash equivalents		**-35.1**	**-69.5**
Cash and cash equivalents at January 1		573.4	642.9
Change in cash and cash equivalents of assets classified as held for sale		0.0	0.0
Cash and cash equivalents at December 31		**538.4**	**573.4**

Cash flow from operating activities of continuing operations decreased to €151.4 million despite significantly higher EBITA (previous year: €165.5 million). The growth-related increase in net working capital of €55.2 (previous year: €15.7 million) contributed to this development. The €88.4 million (previous year: €162.2 million) increase in trade receivables and future receivables was offset by a €13.1 million (previous year: €83.9 million) increase in trade payables and a €20.1 million (previous year: €62.6 million) increase in advance payments received. A significant difference compared to the previous year can also be seen in the change in current provisions, which fell considerably to -€27.7 million (previous year: €41.7 million). In the reporting year, special items for restructuring and efficiency improvements amounted to -€27.0 million (previous year: -€20.4 million). In the previous year, however, new provisions of €62.4 million were established for the efficiency program. These provisions had a negative impact on EBITA but did not yet result in cash outflows. Higher interest received of €14.9 million (previous year: €5.0 million) had a positive impact, while income tax payments of -€32.2 million (previous year: -€2.1 million) were significantly higher than in the previous year.

SPECIAL ITEMS IN CASH FLOW

in € million	2023	2022
Outflows for restructuring and efficiency enhancement	27.0	20.4

Investments in property, plant and equipment and intangible assets totaled -€58.6 million (previous year: -€51.7 million). These outflows were offset by cash inflows of €29.0 million (previous year: €22.1 million), mainly resulting from the sale of properties in the amount of €25.9 million (previous year: €18.5 million).

Net investments therefore remained unchanged at -€29.6 million (previous year: -€29.6 million). Free cash flow totaled €121.8 million (previous year: €135.9 million). Cash conversion, i.e. the ratio of free cash flow to EBITA, amounted to 64 percent (previous year: 180 percent).

Disposals of subsidiaries and other financial assets resulted in a cash outflow of -€0.6 million (previous year: €8.4 million). The inflow in the previous year was primarily due to the sale of a company in Other Operations. The acquisition of subsidiaries with a cash outflow of -€12.5 million (previous year: -€0.1 million) related to the acquisition of the subsidiary De Bruin in the Netherlands in the reporting year.

The changes in securities and other financial investments amounting to -€175.0 million relate to the fixed-term deposit of the funds received from the issue of promissory note loans in 2023 until the upcoming repayment of the bond of €255.8 million in 2024.

Cash flow from financing activities was positive in the reporting year at €40.8 million (previous year: -€382.6 million). This is due in particular to cash inflow from the promissory note loans with a total volume of €175.0 million. The prior-year figure was impacted by the share buyback program carried out in 2022 with a volume of -€100.0 million and the increased dividend payment in 2022 in connection with the preferred participation note for Apleona. In the reporting year, total dividend distribution amounted to -€51.5 million (previous year: -€195.6 million). There was a cash outflow of -€52.8 million (previous year: -€61.2 million) for the repayment of loans and an outflow of -€29.7 million for interest payments (previous year: -€25.2 million).

In total, cash flow from continuing operations amounted to -€25.5 million (previous year: -€63.7 million) and from discontinued operations -€6.6 million (previous year: -€4.9 million).

Changes in exchange rates resulted in an arithmetical decrease in cash and cash equivalents of -€3.0 million (previous year: -€0.8 million). Overall, cash and cash equivalents at the end of the financial year amounted to €538.4 million (previous year: €573.4 million).

Origin and distribution of value creation

The Group's value creation originates from revenue, income from investments accounted for using the equity method and other operating income. Depreciation, material expenses and other costs had an impact on value creation.

In terms of the distribution of value added in 2023, 91 percent (previous year: 96 percent) was attributable to employees, -1 percent (previous year: 1 percent) to the state and 2 percent (previous year: 1 percent) to lenders. 2 percent of value added (previous year: 9 percent) was distributed to the shareholders of Bilfinger SE. In total, this resulted in a positive change in equity in the reporting year.

ORIGIN OF VALUE CREATION

in € million, continuing operations and discontinued operations	2023	2022
Revenue	4,487	4,313
Income from investments accounted for using the equity method	5	3
Other operating income	25	33
Depreciation and amortization	-100	-99
Cost of materials	-1,698	-1,531
Other costs related to value added	-530	-525
Value added	**2,189**	**2,194**

DISTRIBUTION OF VALUE CREATION

in € million, continuing operations and discontinued operations	2023	in %	2022	in %
To employees	1,988	91	2,112	96
To the state	-21	-1	24	1
To creditors	36	2	27	1
To minority interest	4	0	3	0
To shareholders (dividend for the respective financial year)	49	2	194	9
Change in equity	**133**	**6**	**-166**	**-8**

B.2.5 Information on the results of operations, net assets and financial position of Bilfinger SE

Results of operations

INCOME STATEMENT OF BILFINGER SE (HGB)

in € million	2023	2022
Revenue	109	108
Other operating income	35	53
Personnel expense	-41	-57
Amortization of intangible assets / depreciation of P, P & E	-1	-1
Other operating expense	-123	-113
Earnings from financial assets	98	104
Interest result	-4	-18
Earnings before taxes	**73**	**76**
Income tax expense	5	1
Net income	**78**	**77**
Profit carryforward	13	23
Allocation to other retained earnings	-23	-38
Distributable earnings	**68**	**62**

The income statement of the annual financial statements of Bilfinger SE is characterized by its holding function. Revenue was €109 million (previous year: €108 million) and stemmed almost solely from services charged to Group companies as well as from rental income. Revenues from services charged to other companies in the Group are comprised of the costs of these services plus an adequate margin.

Other operating income of €35 million (previous year: €53 million) mainly related in the previous year to reversals of write-downs on the carrying amounts of investments, reversals of write-downs on receivables from associates, reversals of other provisions and foreign exchange gains. Income from the sale of properties in the amount of €12.7 million in 2023 only partially offset these prior-year effects.

The decrease in personnel expense to €41 million (previous year: €57 million) resulted on the one hand from lower salary costs due to the reduced number of employees. On the other hand, pension expenses decreased significantly, because in the previous year the significant change in economic conditions (salary and pension trends, inflation) made it necessary to adjust the parameters for calculating the obligations and led to a significant increase in provisions for pensions.

Other operating expenses of €123 million (previous year: €113 million) were mainly made up of non-personnel administrative expenses, IT costs, rents and leases, insurance premiums, legal and consulting fees as well as additions to other accruals. The increase is due in particular to write-downs on intercompany receivables.

Earnings from financial assets of €98 million (previous year: €104 million) mainly include gains / losses from profit-and-loss-transfer agreements, dividends as well as interest income from long-term loans to subsidiaries. The decline is due to the fact that an unusually high dividend payment was made to Bilfinger SE in the previous year in connection with reorganization measures under company law in the United Kingdom and Nordics regions.

The improvement in the interest result to -€4 million (previous year: -€18 million) resulted from price gains on securities held as plan assets, which were offset by significant exchange rate losses in the previous year, as well as from effects in connection with interest rate changes.

Earnings before taxes thus declined slightly to €73 million (previous year: €76 million).

In terms of the income tax expense, it should generally be kept in mind that distributions as well as income and expense from investment measurement and disposals are mainly tax-neutral. Reported income of €5 million (previous year: €1 million) is mainly due to the reversal of provisions for tax audits and a tax refund from an audit for 2011. The prior-year amount mainly related to tax income from the loss carryback in 2021.

Distributable earnings of €68 million (previous year: €62 million) resulted from the net profit for the year of €78 million (previous year: €77 million) and the profit carried forward of €13 million (previous year: €23 million) with an allocation to retained earnings of €23 million (previous year: €38 million). It will be proposed that a dividend for financial year 2023 of €1.80 per share be distributed. This represents a dividend distribution of approximately €67 million in relation to the number of shares entitled to a dividend as of February 29, 2024.

Net assets and financial position

BALANCE SHEET OF BILFINGER SE (HGB / ABRIDGED)

in € million	Dec. 31, 2023	Dec. 31, 2022
Assets		
Non-current assets		
Intangible assets and P, P & E	5	13
Financial assets	1,711	1,738
	1,716	1,751
Current assets		
Receivables and other assets	346	308
Cash and cash equivalents	692	528
	1,038	836
Accrued expenses	0	0
Excess of plan assets over pension liabilities	0	2
Total	2,754	2,589
Equity & liabilities		
Equity	1,500	1,468
Provisions	90	110
Liabilities	1,164	1,011
Total	2,754	2,589

The assets and financial position of Bilfinger SE are shaped by its function as a holding.

Assets totaling €2,754 million (previous year: €2,589 million) mainly consist of financial assets of €1,711 million (previous year: €1,738 million), receivables and other assets of €346 million (previous year: €308 million) as well as cash and cash equivalents and securities of €692 million (previous year: €528 million).

The drop in intangible assets and property, plant and equipment of €8 million to €5 million resulted from the sale of real estate not required for operating purposes.

The decrease in financial assets by €27 million to €1,711 million was mainly due to the liquidation of a previously closed subsidiary, write-downs on the carrying amounts of investments and the partial repayment of a loan granted to a subsidiary.

Receivables and other assets of €322 million (previous year: €291 million) mainly comprised receivables from subsidiaries in connection with the Group’s centralized corporate financing.

Cash and cash equivalents rose to €692 million (previous year: €528 million). The increase is mainly attributable to the early refinancing of the €250 million bond maturing in 2024 by means of new promissory note loans in the amount of €175 million. This was countered by the dividend payment of €49 million.

Prepaid expenses (reported at €0 million due to rounding) resulted from a discount on the bond issued in 2019 and are reduced in proportion to the maturity.

The excess of plan assets over pension liabilities relates to the difference between partial retirement benefit obligations and plan assets. In contrast to the previous year, there is a negative balance as of December 31, 2023, which is reported under other provisions.

The other side of the balance sheet included equity of €1,500 million (previous year: €1,468 million), provisions of €90 million (previous year: €110 million) and liabilities of €1,164 million (previous year: €1,011 million).

The increase in equity results from the net profit for the year which exceeds the dividend payment made in 2023. Despite the increase in equity, the equity ratio fell from 57 percent to 54 percent, primarily due to the disproportionate increase in total assets in connection with the early refinancing of the bond maturing in 2024.

Provisions included defined-benefit obligations in the amount of €54 million (previous year: €52 million), tax provisions of €12 million (previous year: €16 million) and other provisions of €24 million (previous year: €42 million).

The increase in pension provisions results primarily from a decrease in net plan assets due to a reimbursement in the amount of the previous year’s pension payments which exceeded the exchange rate gains in 2023.

The reduction in tax provisions is mainly due to the partial reversal of provisions for tax audits.

The reduction in other provisions is partly due to the use of the provision established in the previous year for the efficiency program and other personnel-related provisions. In addition, a provision for risks at a subsidiary was reversed as part of the intragroup merger of this company.

Liabilities mainly relate to bond and promissory note financing totaling €431 million (previous year: €256 million) and liabilities to associates from cash investments as part of central cash pooling amounting to €702 million (previous year: €717 million). The significant increase in bond and promissory note financing is due to the early refinancing of the bond maturing in 2024 (see also our comments above on cash and cash equivalents).

Opportunities and risks

The business development of Bilfinger SE as Group holding is generally subject to the same risks and opportunities as that of the Bilfinger Group.

As the parent company of the Bilfinger Group, Bilfinger SE is included in the Group-wide internal control and risk management system.

Outlook

As the parent company of the Group without any business operations of its own, Bilfinger SE receives revenue primarily from its subsidiaries. Expectations with regard to the Group's business development will therefore generally significantly affect the earnings of Bilfinger SE. For financial year 2024, we again expect positive earnings of at least the magnitude of those in 2023.

Corporate governance declaration in accordance with Sections 289f and 315d of the German Commercial Code (HGB)

The declaration of corporate governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB) is included in Chapter *A.4.1 Declaration of corporate governance and corporate governance report*, which is also available on the website www.bilfinger.com.

B.2.6 Employees

At the end of 2023, the Bilfinger Group workforce numbered 28,650 employees (previous year: 30,309 employees). This decline of 5 percent was accompanied by a simultaneous growth in revenue of 4 percent (organically: 7 percent).

In Germany, the number of employees fell to 6,201 (previous year: 6,333), while outside Germany it decreased to 22,449 (previous year: 23,976). There were 5,840 employees in countries outside Europe (previous year: 6,722). In North America in particular, the number of employees decreased significantly due to the completion of assembly projects.

EMPLOYEES BY REGION

	2023	2022	Δ in %
Germany	6,201	6,333	-2
Rest of Europe	16,609	17,254	-4
North America	1,854	2,797	-34
Africa	721	759	-5
Asia	3,265	3,166	3
Group	**28,650**	30,309	-5

EMPLOYEES BY BUSINESS SEGMENT

	2023	2022	Δ in %
Engineering & Maintenance Europe	20,405	21,046	-3
Engineering & Maintenance International	5,119	5,963	-14
Technologies	2,018	2,097	-4
Reconciliation Group			
Headquarters / other	386	444	-13
Other Operations	722	759	-5
Group	**28,650**	30,309	-5

EMPLOYEE GROUPS	Salaried	Industrial employees	Total	Salaried	Industrial employees	Total
			2023			2022
Engineering & Maintenance Europe	6,125	14,280	20,405	6,160	14,886	21,046
Engineering & Maintenance International	1,913	3,206	5,119	1,722	4,241	5,963
Technologies	1,393	625	2,018	1,522	575	2,097
Reconciliation Group						
Headquarters / other	386	0	386	444	0	444
Other Operations	392	330	722	410	349	759
Group	**10,209**	**18,441**	**28,650**	10,258	20,051	30,309

As an internationally positioned industrial services provider, Bilfinger provides a highly diversified range of services. We therefore depend on employees who can bring a broad range of experience, qualifications and perspectives to their jobs and help us to successfully take full advantage of market opportunities.

One aspect of equal opportunity is equality among male and female employees. Our predominantly industrial operational working environment in the commercial sector is, however, heavily dominated by male workers. At the end of the reporting year, the share of women in the workforce Group-wide was 10.5 percent (previous year: 10.3 percent).

EMPLOYEES BY GENDER	Male	Female	Total	Male	Female	Total
			2023			2022
Engineering & Maintenance Europe	18,530	1,875	20,405	19,115	1,931	21,046
Engineering & Maintenance International	4,652	467	5,119	5,454	509	5,963
Technologies	1,676	333	2,009	1,740	357	2,097
Reconciliation Group						
Headquarters / other	249	146	395	278	166	444
Other Operations	543	179	722	587	172	759
Group	**25,650**	**3,000**	**28,650**	27,174	3,135	30,309

Information in relation to the law that is valid in Germany on the equal participation of women and men in executive positions in the private sector and in the civil service as well as the information on the diversity concept as required by the CSR Directive Implementation Act (CSR-RUG) are included in Chapter *A.4.1 Declaration of corporate governance and corporate governance report*, which is also available on the website www.bilfinger.com.

The employee development programs implemented in the reporting year are described in Chapter *B.5.3.2 Employee development* and in Chapter *B.5.3.2 Diversity*.

B.2.7 Innovation (research and development report)

Increasing efficiency and sustainability remained the guideline for the development and implementation of innovations at Bilfinger in the reporting year. Internal processes of the central functions and the operating business units were optimized, for example.

As part of its strategic orientation as a partner for enhancing the efficiency and sustainability of its customers, Bilfinger is creating a range of products and services structured into nine global product centers at the start of 2024. The main objective is to standardize the products offered and the systems and methods used. This approach is closely linked to innovation. The Global Product Center Digital supports the other product centers with digitalization solutions. Its goal is to ensure the standardization of digital tools within the Group and to develop applications in defined areas such as mobile solutions, digital customer platforms and artificial intelligence.

A new unit responsible for global innovation management coordinates internal innovation projects across all product groups. The unit supports joint development of cooperative innovation projects with some of the Group's most important key accounts. It also provides the global product centers and the regions with uniform standards and methods for innovation management and acts as a communication platform for new ideas and newly developed solutions within the Group so that rapid scaling in the business can be facilitated.

Innovation activities in the reporting year focused on the development of new processing systems for our customers as well as the optimization of processes and new service offerings.

New approaches and services are also being developed by means of digitalization with the use of mobile solutions, robot technology, IoT platforms and artificial intelligence.

In the reporting year, Bilfinger implemented innovation projects with a total expense of €3.8 million (previous year: €4.5 million). They are distributed primarily to the areas of digitalization and industrial projects of our customers.

RESEARCH AND DEVELOPMENT EXPENSES

in € million	2023	2022
Total expense	3.8	4.5
thereof digitalization	1.4	2.2
thereof industry	2.3	2.1
thereof other	0.2	0.1

Mobile applications will thus increase the efficiency of internal processes, which can ultimately also increase customer benefits. With the *CheckApp* installed on mobile devices, for example, inspection work in equipment that is subject to inspection such as ladders, control cabinets, crane systems, etc. belonging to our customers and also on our own equipment is easily and paperlessly documented, archived and made directly available for further processes. New mobile apps for digital order processing were also introduced for insulation, scaffolding and corrosion protection services, and the necessary interfaces to internal systems and those of our customers were created. Automated purchasing processes for requisite plant parts, spare parts or services from subcontractors result in significantly improved efficiency in control and invoicing processes. Pilot projects in the area of work order management and remote support with smart glasses are intended to increase efficiency. The focus here is on the recording, presentation, reporting and communication of work performance as well as remote support from experts for various use cases such as Factory Acceptance Test (FAT) or commissioning support in the life science business. The goal is also to achieve a significant streamlining of the work order process within ongoing maintenance, repair and project contracts for our customers and to simplify order feedback from our employees. In addition, these technologies achieve faster and better service results by reducing downtimes of customer plants, lowering handling costs and avoiding unnecessary travel and the associated emissions.

In the insulation, scaffolding and corrosion protection product area, an existing customer portal solution for inspection services and trace heating was developed further and is already being successfully implemented by various customers for more efficient collaboration.

The use of drones, robots and other hardware solutions was expanded in practical terms. To name just one example, we initiated pilot projects to hand over repetitive inspection tasks such as wall thickness checks to robots and drones, thereby simplifying the process. Drones are now being used in several business units, because they have proven how valuable they are under more difficult conditions such as for tank interior inspections, wall thickness measurements, plant inspections, roof inspections and comprehensive building inspections in the offshore and onshore environment. Their use should minimize the amount of time required for such tasks and reduce the risks that employees would otherwise be exposed to, thus helping to increase occupational safety and efficiency.

The use of robots for repetitive tasks also allows our skilled employees to be increasingly deployed for more demanding tasks with greater customer benefits. This will also enable us to offset the shortage of qualified specialists, which we have identified as one of the major challenges of the future. Expertise required to perform services for our customers can thus be used more efficiently and in a more targeted manner.

Drones are also increasingly being used to digitize buildings and facilities to create three-dimensional models. The resulting digital twins of our customers' plants are increasingly forming the basis for more efficient and more sustainable lifecycle management, fast modifications as well as better work planning and employee training.

Through its involvement in the development and construction of plants in the field of sustainability, Bilfinger supports its customers in materials technology, engineering and plant construction. In the reporting year, a project was launched in Austria, together with research partners and a trade association, to develop a practical concept for the conversion of an infrastructure designed for natural gas to the transport of hydrogen. Bilfinger is looking into the practicality of using the pipelines as well as the necessary technical adjustments, and is developing a model to differentiate and evaluate the various load cases. The field of materials technology is of particular importance in this project. The analysis of the technical details regarding this repurposing requires extensive knowledge.

In a cooperative development project with the Technical University of Hanover, a hydrogen treatment technology was developed for long-term storage in an underground storage facility and subsequent feed-in to the grid. The project includes the construction and test operation of a demonstration plant for the absorption drying of hydrogen. In addition to the upcoming test operations at various customers, the development of further solutions for the operation of hydrogen storage facilities is also on the agenda. These new technologies will make a further contribution to reducing our customers' dependence on natural gas.

Another contribution Bilfinger is making to improving the sustainability of its customers lies in the extraction of rare earths. For a number of years now, Bilfinger has been supporting the study and pilot phase for new types of processing and separation technologies at a Norwegian company. In the reporting year, Bilfinger was entrusted with services for project management, engineering and construction management as part of the upscaling of this new technology. The main focus is on the extraction of neodymium and praseodymium. Both materials are required for permanent magnets, which are mainly used in motors for electric vehicles and generators for wind turbines.

Bilfinger has been an important partner to customers in their entire battery production value chain for a number of years and during this time has been able to gain valuable experience together with customers with regard to this extremely important technology in the area of sustainability and its specific requirements. In the reporting year, this experience was provided in several countries in Northern, Central and Eastern Europe as services in the areas of basic and detailed engineering, plant construction and during on-site approval procedures.

The newly developed *Net Zero Approach* service has proven its value in pilot projects for analyzing and identifying potential for improving the sustainability of process plants. Bilfinger offers its customers this analysis as a modular service that considers the entire lifecycle of plants and is suitable both for individual industrial plants and for operators of entire sites.

In a multi-year development project in cooperation with the Bundesgesellschaft für Endlagerung (BGE), the Nuclear business unit is developing a recovery technology that can be used to safely retrieve thousands of barrels of radioactive waste from the 750-meter deep floor of a nuclear waste storage site via a shaft system. In addition, simulation models are being developed with which the salvage processes can be virtually simulated and optimized.

B.3 Opportunity and risk report

As an internationally active industrial services provider, we are exposed to a wide range of developments and events that can have a significant impact on our efforts to achieve both our financial and non-financial goals. Recognizing and managing opportunities and risks is therefore an integral part of our corporate governance. We define opportunities as potential positive deviations and risks as potential negative deviations from our planned and target figures.

Bilfinger has a systematic management system for the early identification, evaluation and management of opportunities and risks. Our risk policy is in line with our efforts to take advantage of opportunities that arise and thus achieve a sustainable improvement in the company's earnings situation by taking appropriate measures, and to avoid potential threats to the company as a going concern through the limitation of risks.

For reasons of consistency with Chapter *B.4 Outlook*, the underlying timeline for the likelihood of opportunities and risks includes financial year 2024.

B.3.1 Risk management

B.3.1.1 Fundamentals of Enterprise Risk Management (ERM) including the Risk Early Warning System

Bilfinger complies with the requirements of Section 91 (2) of the German Stock Corporation Act (AktG) which calls for the establishment of a monitoring system to identify developments that could jeopardize the continued existence of the company at an early stage using a Group-wide risk management system. It is based on a comprehensive, management-oriented enterprise risk management approach and is applied for the early identification, evaluation and targeted management of significant risks. At the same time, the Group-wide risk management system is an integral part of existing company and business processes and focuses on risk transparency, which also includes the early detection of risks, the achievement of company goals within the framework of the strategy developed for the Group, support for risk-related decisions and compliance with legal regulations. The risk management process covers all activities for the systematic handling of risks in the Group.

As part of the Group-wide risk management system, we have an internal control system for the accounting and consolidation process. Chapter *B.3.7 Internal control and risk management system for the accounting process* includes a detailed description of the internal control system.

Our comprehensive compliance management system, which focuses on the risk situation of the company, pursues the objective of avoiding compliance violations through preventive measures, the early recognition of potential misconduct and reacting quickly in the case of confirmed violations. Detailed information on our compliance management system can be found in Chapter *A.4.1 Declaration of corporate governance and corporate governance report*.

B.3.1.2 Organization and responsibilities

All levels of the company are involved in our risk management with clearly defined roles and responsibilities. The risk strategy for the Bilfinger Group is established by the Executive Board and also includes the definition of parameters to assess which risks the company should take in order to achieve its desired goals, for example, by determining risk classes for projects and framework agreements. The starting point is the company's risk-bearing capacity. This describes the amount of risk the Group can take on without jeopardizing its continued existence. Both are reviewed at least annually and updated when necessary. Generally:

- Individual risks that put the Group in jeopardy may not be taken. This also applies if liquidity cannot be quickly restored when a risk occurs.
- Risks from large projects and services contracts are subject to a special review, among others by *Group Project Audit*.
- Insurable risks are, where financially viable, transferred centrally to external insurance companies.

The line organization's management is primarily accountable for the responsible handling of risks. The Supervisory Board, the Audit Committee and the Executive Board perform these superordinate functions.

- Supervisory Board and Audit Committee
  The Audit Committee monitors the risk situation and the functionality of the risk management system for the Supervisory Board on the basis of the risk report provided each quarter by the Executive Board. The Audit Committee is also informed of the results of the monitoring activities carried out by the Group functions *Internal Audit*, *Internal Control Systems* and *Legal, Compliance & Insurance*. The Supervisory Board and the Audit Committee may take decisions regarding additional internal or external reviews.
- Executive Board
  The Executive Board assumes overall responsibility for the functionality of the risk management system. It monitors the risk management cycle, carries out the final review and prioritization of significant Group risks and reports to the Audit Committee and the Supervisory Board in this regard.

Bilfinger is oriented toward the *Three Lines of Defense* model, with operating companies / leadership, functional supervision structured under Group headquarters and *Group Internal Audit*. The Bilfinger Group's responsibilities and tasks are clearly defined at these levels:

- First Line: Operational
  - Division / Region Management (President / CFO)
    Divisional / regional management is responsible for the functionality of the risk management system and its monitoring. This also includes the associated local units.
- Second Line: Functional supervision of headquarters
  - Bilfinger Risk Committee
    The *Bilfinger Risk Committee* meets at least every half year on behalf of the Executive Board. Its members include the Group Chief Financial Officer, the CFOs of the divisions / regions, the *Group Risk Organization* and the heads of governance Group functions.

    The *Risk Committee* establishes plausibility for the *Risk Report* and submits it to the Executive Board. It also supports the design of a risk management system that is as pragmatic as possible, serves a consultative role, shares best-practice approaches and assumes responsibility for superordinate quality assurance of the Risk Report for significant Group risks.

- Group Risk Organization
  The *Group Risk Organization* at Bilfinger is responsible for and has decision-making authority over methods and development of the risk management system. This includes the monitoring and design of all risk management processes at the level of the divisions / regions, headquarters and the Group as a whole.
  The *Group Risk Organization* also bears overall responsibility for the execution of risk inventories at regular intervals, as well as for generating and submitting reports to the Executive Board, the Audit Committee and the Supervisory Board. Ongoing monitoring of the risk management system should ensure its effectiveness in light of constantly changing conditions and also continuously improve the process in future.

- Group Functions
  In consultation with the Executive Board, the Group functions perform specialist monitoring tasks throughout the Group. They have wide-ranging obligations to request and receive information, to intervene in some cases and to issue individually defined guidelines, and be actively involved with their specialist colleagues in the divisions / regions and at subsidiaries. The Group functions partially assume primary responsibility for risks and can make tax-related interventions in the context of their Group-wide functional supervision.

- Third Line: Independent review
  - In accordance with the *Three Lines of Defense* model, *Group Internal Audit*, as an independent monitoring body, has the task of regularly testing the effectiveness and appropriateness of the risk management system and the internal control system on an incident-related or ad-hoc basis.

In addition to the specific tasks and functions described above, the Principles of Risk Awareness, which are Group-wide and binding, apply to all staff. These aim to ensure that only manageable risks are taken. We promote risk awareness among employees by taking appropriate communication and training measures. Each employee is required to act responsibly in the handling of risks and to immediately report any knowledge of risk-related behavior.

B.3.1.3 Enterprise risk management process

The systematic approach to identifying, evaluating and managing relevant risks is based on internationally recognized standards such as the *COSO II Enterprise Risk Management – Integrated Framework* of the *Committee of Sponsoring Organizations of the Treadway Commission*.

Opportunities and risks are reported on using a top-down / bottom-up process established throughout the Group. The standard reporting process is supplemented by an incident-related process that makes it possible to escalate critical issues at an early stage. We also take into account non-financial opportunities and risks that are related to our business activities, and / or products and services, as well as opportunities and risks associated with social and environmental factors that could have a potential impact on our business activities. On the IT side, risk management is extensively supported by a special tool for Governance, Risk & Compliance (GRC). The individual steps of our enterprise risk management process are described in greater detail below.

Identification

Risk identification is conducted continuously in the course of daily business processes. It includes the regular and systematic analysis of internal and external developments and events that could lead to negative deviations from underlying framework conditions.

The annual calendar calls for at least one risk workshop at division / regional level as well as an update of the risk portfolio at least every six months. Non-financial opportunities and risks and those associated with social and environmental factors are identified independently also as part of a Group-wide top-down / bottom-up process. The *Bilfinger Risk Committee* also convenes at least every six months, performs quality assurance on the Risk Report and forwards it for processing and approval in the Executive Board and for submission to the Audit Committee.

The operating companies and divisions / regions as well as units at headquarters entrusted with company-wide functional supervision immediately report relevant risks occurring on short notice to the responsible corporate departments and, if relevant, to the Executive Board.

In accordance with the *COSO standard,* the identified risks are identified in four categories: strategic risks, operational risks, financial risks and compliance risks. In this regard, the cause of a risk is decisive for the categorization.

Evaluation

The fundamental risk evaluation is carried out by the divisions / regions. In this regard, the respective form of the risk (net) is determined while also considering the risk mitigation measures currently implemented. Each risk is evaluated in five defined levels using the parameters of *likelihood* and *effect*.

Different reference sizes are specified at both the Group and the divisional / regional level to assess the effect. The evaluation primarily takes place using a qualitative approach. If necessary, an additional monetary evaluation can also be carried out.

Interactions between various risks are taken into account in the risk evaluation. We carry out a risk aggregation and overall risk evaluation to ensure that we identify individual risks at an early stage, the combination of which could potentially threaten the continued existence of the company. At Group level, we use Monte Carlo simulations to estimate the potential impact of our aggregated, material risks and compare them with the risk tolerance and risk-bearing capacity approved by the Executive Board.

Evaluation scale of likelihood within the next twelve months

Category	Level	Likelihood of risk occurring within the forecast horizon
Very low	1	0 - 5%
Low	2	6 - 15%
Possible	3	16 - 30%
Increased	4	31 - 50%
Probable	5	> 50%

Evaluation scale of impact within the next twelve months

Category	Level	Sample form	Indicative value corridor (€ million)
Low	1	No (perceptible) effect on service provision or customer satisfaction	0-20
Relevant	2	Achievement of strategic goal delayed	21-50
Substantial	3	Achievement of multiple goals delayed or individual goals no longer achievable	51-100
Major	4	Clear and protracted impairment of daily operations	101-500
Critical	5	Group's continued existence in jeopardy	> 500

The assessment of the *likelihood* and *impact* allows for risks to be prioritized and for necessary action to be taken in order to manage risks. Here, a focus is on the 10 most significant risks.

Control

On the basis of the identified and evaluated risks, risk managers decide whether additional risk management measures need to be taken after weighing the costs and benefits of such measures. Depending on the scope and value, this takes place in consultation with those in the companies defined as responsible for the risk management process or according to line functions.

Bilfinger differentiates between four fundamental strategies to deal with individual risks:

- Avoid
  Incalculable risks or risks with a disadvantageous risk-return ratio are avoided, for example by not accepting projects in a high risk category or ensuring that these risks are explicitly eliminated by means of contractual provisions.

- Transfer
  Depending on the situation, risks are contractually transferred to third parties such as insurers, subcontractors and customers outside the Group. Selected hedging instruments are also used.

- Manage
  Manageable risks or their impact are reduced or limited by better operational execution, strengthened control or other risk mitigation measures (for example redundant security features, etc.).

- Accept
  Remaining risks are accepted as such in their current respective form whenever further risk mitigation measures are not economically viable.

The costs and benefits will be taken into account in the selection of a control measure. Risk management is carried out within the business processes by the *risk owner*. The risk owner regularly monitors the evaluation of the identified risks in order to determine significant changes. The risk owner also reviews the appropriateness of the implemented control measures for the risks assigned to him and is responsible for the implementation of additional measures deemed necessary.

Reporting

The transparency necessary to control risks is achieved by communicating significant risks in the risk report, at least every six months, to the Executive Board and to the Audit Committee of the Supervisory Board. The report regularly prepared by *Group Risk Organization* concerning significant risks and the overall picture of risks within the Group is the basis for this. In addition, an incident-driven reporting process is triggered when risks exceeding a defined threshold are identified and become known.

Monitoring and improvement

The *Group Risk Organization* and the *Bilfinger Risk Committee* continuously assess the appropriateness and timeliness of our risk management system in terms of the principles, standards and methods used. In addition, *Group Internal Audit*, as the third line of defense, conducts regular and ad-hoc audits as an independent monitoring body with a targeted and systematic approach in order to assess the effectiveness of risk management and control processes and contribute to their improvement.

The independent external auditor also assesses the fundamental suitability of our risk early warning system as part of the audit of the annual financial statements.

B.3.1.4 Assessment of adequacy and effectiveness in accordance with Section 91 (3) AktG

Taking into account external and internal audits of the risk management system and the internal control system conducted in the reporting year, no issues have been identified which, in the view of the Executive Board, would indicate that these systems are not adequate and effective.[1]

1 The information provided in this section is not part of the management report and was not subject to the statutory audit in accordance with Section 316 ff of the German Commercial Code (HGB).

B.3.2 Significant risks

Significant risks for Bilfinger are calculated on the basis of the described evaluation method. If risks calculated as significant occur, this could lead to negative effects on the company’s net assets, financial position and results of operations as well as on our reputation. The risks are presented on a net basis after risk mitigation measures.

As of the balance-sheet date, the following significant risks result from the parameters of *likelihood* and *impact*:

Risk title	Rank	Risk field	Evaluation Likelihood (1-5) Impact (1-5)
Adverse market developments	1	strategic	●●●● ●●
Availability of skilled workforce	2	operational	●●●● ●●
Risks from projects and framework agreements	3	operational	●●● ●●
Dependence on high volume framework agreements in certain areas	4	strategic	●●● ●●
Cyber security risks	5	operational	●●●● ●
Serious HSE incident	6	operational	●● ●●
Inflation risk	7	strategic	●●● ●
Serious compliance violation	8	compliance	●● ●
Business disruptions as a result of the Russia-Ukraine war	9	operational	●● ●
Legal disputes and completed legacy projects	10	compliance	●● ●

The individual risks summarized under the risk headings are described below in the fields of strategic risks, operational risks, financial risks, and compliance risks, in accordance with *COSO II Enterprise Risk Management – Integrated Framework*. The order of the risk titles presented within the four risk areas reflects our current evaluation with regard to the extent of risk for Bilfinger. Unless otherwise stated, the risks presented affect the entire Group. Risks specific to business segments include an appropriate indication.

Additional risks with a lesser meaning for the Bilfinger Group are also followed alongside identified significant risks. Obligatory information, such as on risks from financial instruments, is explained in Chapter C.6.30 Risks from financial instruments, financial risk management and hedging transactions.

B.3.2.1 Strategic risks

Adverse market developments

Bilfinger depends on the general economic situation and the development of its markets. Competition in our markets is significant, and in all markets a very low concentration is currently recorded on the provider side. Bilfinger is also smaller than a range of its customers, who try to exploit their relative market strength, particularly in the context of new tenders.

In addition to this general situation, current and medium-term expectations regarding the development of oil and gas prices and their impact on the spending behavior of customers in the oil and gas sector remain relevant for Bilfinger. In particular, we continue to see a volatile oil price or even a price drop in the long term as potential risks for our activities in this area. Increasing efforts to decarbonize operations can also tend to lead to a decline in demand in the oil and gas sector. On the other hand, increases in raw material and energy costs for our customers in the chemical sector could have a negative impact on their spending behavior for investments and maintenance measures. The latter could, in turn, be partially offset by additional revenue in the oil and gas sector.

We are countering these risks with a diversified range of services and the increasing expansion of the services we deliver to promote the energy transition.

We see the development of energy costs in Germany as a further risk, one that could set German industry back further in international competition. In this context, substantial declines in production combined with a decline in our customers' spending behavior could have a negative impact on Bilfinger. The aforementioned risks could result in a sustained economic slowdown in Europe. We monitor signs of such developments in the market very closely.

A delay in planned projects in the area of nuclear energy represents an additional risk in the development of our markets. A further risk lies in the scarcity of resources in the area of special materials. And, not least, a further acceleration of the energy transition and a departure from fossil fuels, particularly in Europe, could lead to additional overcapacities on the one hand, but also to additional opportunities in new sectors.

We counter these risks not only through intensive cooperation with customers but also by progressively strengthening our range of products and services, particularly in sustainability fields, and the associated diversification and active expansion of our customer base. In addition to our active productivity and capacity management to minimize any residual costs, we seek to increase the agility and flexibility of our workforce. These measures enable us to respond quickly to macroeconomic changes.

Due to the uncertainty surrounding the development of energy costs in Germany in connection with possible declines in production on the part of our customers, among other things, we consider the likelihood of the risk from future adverse market developments to be increased. Compared to the previous reporting period, our assessment is therefore one level higher, while the impact remains relevant.

Dependence on high-volume framework agreements in certain areas

In recent years, Bilfinger's business success has become increasingly dependent on individual customers with high-volume framework agreements in certain activities, particularly in the maintenance and repair sector. Any potential adverse impact or loss of such a customer relationship could lead to negative effects in certain areas and / or on regional business or assets.

We do not believe, however, that this would result in any significant risks to the net assets, financial position and results of operations of the Group as a whole due to our diversified positioning. In addition, our customer relationships are maintained through effective customer relationship management. Overall, Bilfinger considers the risk of dependence on high-volume framework agreements in certain areas to be possible in terms of its likelihood of occurrence, while at the same time having a relevant impact.

Inflation risk

In line with our expectations, inflation in our main markets fell in the reporting year as compared to the previous year. In the first half of the year in particular, however, inflation in the euro zone and Germany remained in the mid to high single-digit range and only lower in the final months of the year. For the 2024 financial year, we continue to expect higher inflation rates, although we assume that the trend seen in recent months will continue and that these will continue to fall compared to the previous year.

From Bilfinger's perspective, there is still a risk that customers could possibly be more reluctant to award projects due to increased costs for certain materials and especially higher raw material and energy costs, which would have an adverse effect on our performance and could therefore have a negative impact on our business activities.

We believe, on the other hand, that increases in personnel costs will be limited. We continue to assume that it will be possible to pass on most of the increase in personnel costs to our customers. At the same time, we counter this risk by monitoring inflationary trends, optimizing work processes and – where necessary – renegotiating with customers and suppliers.

Compared to the previous reporting period, we assess inflation-related risks as having a likelihood of occurrence that is one level lower, with a continued low impact.

B.3.2.2 Operational risks

Availability of skilled workforce

The market for skilled labor remains difficult, particularly for our business activities in Europe and North America. There is therefore an ongoing risk that qualified and motivated personnel will leave the Group. Another risk is posed by the failure to recruit relevant personnel due to increased competition for qualified personnel and demographic change. Because Bilfinger relies on technically qualified and motivated employees in order to be able to optimally meet the requirements of its customers, the lack of skilled personnel could have a negative impact on customer satisfaction. Insofar as this should affect the regular business and order acquisition, negative effects on the net assets, financial position and results of operations are possible. It is therefore vital that highly qualified specialist and management personnel are recruited and retained by the company over the long term.

We counter the risk of losing employees with targeted development and incentive systems. This is achieved, among other things, by a thorough annual performance appraisal process, individually tailored training opportunities and performance-related remuneration systems.

In our view, any cost increases, in particular rising wage costs, which are partly impacted by external factors such as collective wage agreements, can largely be absorbed by indexing the contract remuneration accordingly.

Overall, we counter human resources risks that could arise from a lack of young talent, fluctuation, a lack of qualifications or the change in the workforce due to demographic development with a broad range of measures that are described in the non-financial Group declaration in Chapter *B.5.3.2 Employee development.*

The difficult situation on the labor market for skilled workers continues, which is why we continue to follow our previous year's assessment and consider the likelihood of occurrence to be increased, with the impact remaining relevant.

Risks from projects and framework agreements

When planning and executing projects, significant calculation and execution risks exist that are often larger than in the service business due to the project volumes and higher degree of technical complexity. At Bilfinger, risks from the project business mainly relate to the Technologies segment. In the Engineering & Maintenance Europe and Engineering & Maintenance International segments, there is less risk due to the strategic focus on maintenance and repair activities.

Project orders involve the construction of new industrial production facilities or major overhauls, for example. Requirements that have not been fully anticipated, and resulting modifications, delays, financial difficulties of our customers or suppliers, lack of skilled personnel, technical difficulties, cost overruns, construction site conditions or changes to the project sites, weather influences or natural catastrophes, changes to the legal or political environment or logistical difficulties can have a significant negative impact on the net assets, financial position and results of operations of Bilfinger.

For individual orders in the project area, including complex plant construction projects, Bilfinger also assumes technical guarantees. Typically, such project contracts are concluded at a fixed price. A potential risk lies in the fact that the calculated prices are not adequate to achieve the performance result, for example due to construction site conditions, delays from weather conditions or errors by subcontractors, and that further claims cannot or cannot fully be obtained from the customer. This could lead to a reduced profit margin and possibly even to losses.

The limitation of risks is a key task of the unit responsible for the individual project at Bilfinger. There are certain minimum requirements that a project must meet. Depending on the bid volume and specific risk categories, the Group functions *Legal, Compliance & Insurance* as well as *Project Audit* must be involved as additional, independent control authorities – until the Executive Board and / or the Strategy Committee of the Supervisory Board have given their approval.

Risk management begins in total with the targeted selection of the projects. In addition to the actual task of the project, the experience with the client, conditions in the region in which the project is to be carried out, the competence and capacity of the Group unit that will potentially do the work, the schedule, project risks, the draft contract, the payment plan, payment security and resource availability are analyzed. In the following bid phase, positive or negative deviations from the generally expected conditions are systematically listed. In the determination of costs, the calculation initially assumes planned conditions. Positive or negative particularities are subsequently analyzed, evaluated and transferred into significant projects in a quantitative risk analysis. The risk structure is decisively taken into account in the final decision on the bid and its formulation. Furthermore, the projects are consistently supported by a central unit in accordance with defined regulations from the bid phase through to implementation and completion.

Risks from framework agreements in the services business relate primarily to business in the engineering & maintenance sector. Here, we generally conclude contracts over a longer term, which are primarily awarded in a highly competitive environment. The earnings margins attainable in long-term contracts could deviate from the initial calculations as a result of changes from diverse influences. In maintaining industrial plants, there is the risk that material and personnel costs or legal requirements are not fully covered by the contractual revenue and thus have an impact on the financial position.

The basis for the management of risks in the service sector is a profound understanding of the customer, the services being provided and of the contract conditions that have been agreed. It is our assessment that our operating companies have competent, reliable and experienced personnel for the execution of the work. Cost increases, and wage increases in particular, which are partly influenced by external factors, primarily wage settlements, are often absorbed by the indexing of contractual remuneration.

In view of the high degree of involvement in the business processes of our customers, we pay particular attention to the appropriate level of qualification of the persons assigned. It is our view that precise knowledge of the specific conditions in the plants we manage is a decisive factor for business success. As with projects, the Group functions *Legal, Compliance & Insurance* and *Project Audit* are involved as additional, independent control bodies when preparing offers for service and framework agreements above a certain volume – right through to approval by the Executive Board or the Strategy Committee of the Supervisory Board. In line with our strategy, our contract portfolio is being realigned with the goal of a lower proportion of projects in future and a greater focus on service and framework agreements, which is why we consider the likelihood of the risk from project and framework agreement risks to be within the realm of possibility, but one level lower than in the previous year. Overall, we still consider the impact of the risk to be relevant.

Cybersecurity risks

Data is a key component of our business processes and thus represents an important corporate asset that must be protected in an appropriate manner against unauthorized access. The ever-increasing global networking of computer systems, however, makes it increasingly difficult to protect data from abuse, manipulation, espionage or theft.

The most serious risk in this regard is posed by hostile attacks on Bilfinger IT systems (cyber attacks). This risk is becoming increasingly prevalent as a result of greater digitalization. These cyberattacks can have potentially damaging intent including disrupting processes, attempting to gain access to internal and confidential data or even blackmailing to release such data. The result can be significant system failures and disruptions to operational processes. Securing the supply chain is a threat that is becoming of increasing concern. Bilfinger is committed to protecting its customers' data and will continue to consistently implement measures in this regard.

In addition to these direct attacks on our systems, continued attempts are being made to use IT-supported communication to entice employees to surrender company information or even to pay out funds (known as *phishing* or *spoofing*).

We counter the risks in the cybersecurity environment with a broad package of measures, such as monitoring of incoming and outgoing e-mail traffic to prevent malicious e-mails with a cloud-based e-mail gateway. In the event of specific threats, we work together closely with the relevant authorities. The central data centers were migrated to *Microsoft Azure* and are subject to various certifications, including ISO 27001 certification, under which the central IT services of Bilfinger Global IT GmbH are also certified. Further IT capacities are also available in the regions in so-called co-locations. In addition, measures to make network access more stringent are checked by means of regular vulnerability analyses, for example through so-called friendly hacking.

To monitor security-relevant events, Bilfinger uses a *Security Information and Event Management System* (SIEM) which collects all central logs and evaluates them for anomalies. In addition, training requirements have been defined for all employees with IT access to raise awareness with regard to potential risks. Further, the risk for Bilfinger was partially mitigated through the purchase of cybersecurity insurance.

In addition to the risks from the cybersecurity environment mentioned above, risks relating to potential breaches of the European General Data Protection Regulation (GDPR) on the IT side are also significant. Measures to comply with the requirements of the General Data Protection Regulation with regard to the use of personal data in Bilfinger's IT processes that may not have been fully implemented could result in severe penalties if breaches are identified. In order to counteract possible violations, Bilfinger has a uniform Group Data Protection Policy based on the regulations of the European Union's General Data Protection Regulation and on globally accepted principles of data protection law for the processing of personal data from employees, customers, suppliers and other business partners. Compliance with the requirements is monitored internally by means of measures such as fever checks by *Group IT & Digitalization* and regular audits by *Group Internal Audit*. As was the case in the reporting year, *Group Internal Audit* will continue to focus on IT security auditing in 2024.

Overall, Bilfinger follows the assessment of the previous year and continues to classify the likelihood of cybersecurity risks as increased with a low impact.

Serious HSE (Health, Safety, Environment) incidents

As a service provider, we are almost exclusively active at the locations of our customers. In the execution of our work, we place high demands on health, safety, and environmental protection as well as on the quality of the services provided. The *Zero Accidents* vision is a fixed component of our safety and corporate culture. At the same time, we also urge our employees not only to strictly comply with our customers' safety requirements, but also to require them. It is not possible, however, to prevent all incidents.

Failures in environmental protection or in occupational health and safety provided that result in a serious incident could lead to adverse effects on our customer relationships through to a loss of orders as well as contractual penalties and damage claims and could thus have a negative impact on the financial position and results of operations of the Group.

We counteract risks from quality defects by using far-reaching quality and process management. It starts with the operating units, which are responsible for the process as well as the quality of their services. Through system requirements and targets and internal audits, they work toward the continued development of HSEQ standards. To ensure this development, our processes and units are also externally audited and certified in accordance with the *ISO EN 9001, ISO EN 14001* and *ISO EN 45001* as well as *SCCP-VCA* standards.

Lost-time accidents at Bilfinger are at an internationally leading level in our industry. The individual safety campaigns in the individual regions and companies, which focus on specific events depending on the range of tasks, play a major role.

Bilfinger's assessment of the risk of a serious HSE incident is largely unchanged with a relevant effect on the earnings situation and a simultaneously lower likelihood of occurrence.

The details of HSEQ management at Bilfinger are explained in the non-financial Group declaration in Chapter *B.5.3.1 Occupational safety*.

Business disruption due to the Russia-Ukraine war

Russia's attack on Ukraine, which has been ongoing since February 2022, has led to increased uncertainty worldwide. It is our view that the continued course of the war and other possible consequences for the 2024 financial year cannot be predicted with a sufficient degree of certainty. One of the consequences of the war has so far been visible in Europe in particular in the form of significantly increased energy prices and uncertainty when it comes to gas supplies.

This also results in continued uncertainty for Bilfinger's business activities. Customers could potentially scale back or even completely discontinue their production if this is no longer economically viable to continue as a result of increased energy prices. Possible new sanctions packages against Russia are also seen as an additional risk because depending on the nature of the sanctions they could have a direct or indirect impact on our business. The direct business activities of our local unit in Ukraine were also impacted by the war, but we currently expect business to recover fully once the war is over.

In response to the war and the sanctions against Russia, we discontinued our operating business in Russia in the previous year and, in September of this year, sold and deconsolidated the unit that had formally existed until that time.

The outlook assumes that there will be no significant disruptions to gas and energy supplies for the vast majority of our customers and that we will continue to be able to compensate for the interruption in supplies of Russian natural gas.

If, however, a scenario of ongoing, insufficient supply of natural gas in Europe were to materialize, one that could not be compensated for, this would have a negative impact on overall economic development. Should this also result in production shutdowns among our customers, it could also have a negative impact on our net assets, financial position and results of operations. Bilfinger is countering the risk through the application of measures such as evaluating various scenarios with regard to possible developments of the Russia-Ukraine war as well as additional flexibilization of the workforce in order to be able to react to possible negative developments at an early stage.

We continue to assess the risk of business disruption due to the Russia-Ukraine war as having an increased likelihood, with a low overall impact on the Group.

B.3.2.3 Financial risks

Working capital management risks

As of December 31, 2023, we no longer consider potential working capital management risks to be material for Bilfinger, contrary to our assessment in the previous year. In our view, the measures implemented in recent years to optimize working capital management, including consistent local management of receivables and payables together with the Group-wide exchange of best practices, have led to a sustainable reduction in potential working capital management risks in terms of their potential likelihood and their impact.

B.3.2.4 Compliance risks (including legal risks)

Serious compliance violations

Compliance continues to be extremely important for Bilfinger. The occurrence of a serious compliance violation could potentially have a negative impact on our business activities and thus on our net assets, financial position and results of operations.

Violations of corruption, antitrust and foreign trade regulations, for example, could result in criminal or civil prosecution as well as fines, sanctions, court injunctions, profit disgorgements or other restrictions. Compliance violations could also have a negative impact on our participation in business with government clients – up to and including exclusion from public contracts. Furthermore, the prosecution of violations could lead to the termination or nullification of existing contracts and expose Bilfinger to claims from third parties, including competitors.

In order to counteract these risks, the compliance management system implemented in the company aims to prevent compliance violations to as great an extent as possible through preventive measures, to identify any misconduct at an early stage, to react quickly in the event of confirmed violations and to punish misconduct consistently. The compliance management system covers all business areas and processes relevant to Bilfinger. It is based on a detailed and regularly repeated analysis and assessment of compliance risks at Group level and in the Group companies. These risk analyses form the basis for the classification of compliance risks and the detailed design of risk-mitigating compliance measures.

Bilfinger is also focused on the issue of human rights, both as they relate to our own employees and to our supply chains, meaning that potential violations can be identified at an early stage and be dealt with accordingly. Further details on this can be found in Chapter *B.5.4.3 Human rights, employee rights and sustainable supply chain*.

Overall, Bilfinger assesses the risk of a serious compliance violation with a low likelihood of occurrence and a low impact.

Legal disputes and completed legacy projects

In addition to the costs and expenses that arise as a result of legal disputes, there is also the risk of financial loss arising from correct, incorrect or lengthy decisions on the part of courts or public authorities.

Legal disputes predominantly arise in connection with the provision of our services. Disagreements with customers mainly relate to claimed defects in our services, delays to completion or to the scope of services provided. In such cases, there is often also a similar dispute with the subcontractors that were used. We strive to avoid legal disputes wherever possible or to settle them at an early stage. This goal cannot always be achieved, however, with the result that German and international companies are sometimes involved in litigation or arbitration. The outcome of such can of course not be predicted with any degree of certainty, but is often dependent on inquiry or assessments on the part of the courts. We therefore cannot exclude the possibility that the outcomes of litigation and proceedings may deviate from our assessments and forecasts and that damages may occur to our net assets, financial position and results of operations.

Overall, clients, subcontractors, public authorities or consortium partners are asserting claims in the low three-digit million-euro range in connection with individual projects in various countries against Bilfinger for various reasons. The objects of the disputes are, among other things, the appointment of blame for the causes of construction delays, disruptions to the construction process, defects and disagreements related to the technical features of the plants.

On the other hand, Bilfinger itself is asserting claims against customers in various countries for payment of outstanding compensation claims in the low triple-digit million-euro range and sees opportunities in this regard.

Overall, following careful examinations and on the basis of our current knowledge, we can assume that sufficient provisions have been recognized in the balance sheet for all ongoing disputes and partially with counter-claims. However, it is still possible that the available provisions are insufficient as a result of the difficulty in making projections or because capitalized receivables cannot be fully collected.

Given the risk-reducing rebalancing of our contract portfolio with a lower proportion of projects in the future, we consider the risk from legal disputes and legacy projects to be low in terms of likelihood of occurrence and therefore one level lower than in the previous year. In our view, the impact of this risk is also low, which means that we remain in line with our assessment from the previous year.

B.3.3 General assessment of the risk situation

The evaluation of the overall risk is the result of a consolidated consideration of all significant individual risks. From Bilfinger’s perspective, the general risk situation of the Group in reporting year 2023 did not change significantly as compared with the previous year.

The challenges associated with inflation and Russia’s war of aggression against Ukraine remain relevant, even though Bilfinger does not currently expect this to have a significant impact on its business activities. It is our view that the recent escalation of the conflict in the Middle East has no significant direct impact on Bilfinger. We currently have no business activities in the region aound Israel and, although the further development of the conflict cannot be predicted with any degree of certainty, we assume that our locations and our customers in the Near and Middle East will not be significantly affected, nor do we anticipate any significant negative macroeconomic effects.

Risks in project execution and an ongoing shortage of human resources represent further current risks. Bilfinger is, however, convinced that the existing risks are sustainable for the Group as a result of the instruments put in place to manage them.

Our assessment of potential climate risks is essentially unchanged from the previous year. Bilfinger does not have any plants or branches in particularly affected regions and also has a relatively modest amount of property, plant and equipment due to its business model. Against this backdrop, we do not expect any significant negative impact on our business or our net assets, financial position and results of operations due to climate-related risks, such as climate disasters, extreme climate change or the consequences thereof. In line with our current assessment, Bilfinger also does not have any customers who could themselves be so severely affected by climate risks that this would result in a significant negative impact or even a threat to Bilfinger's continued existence.

Although we believe that increasing global efforts toward decarbonization could potentially result in a decline in demand in the oil and gas sector, we see our customers' adaptation to climate change more as an opportunity to expand our range of services that are focused on promoting the energy transition – see *B.3.5 Significant opportunities*.

We also monitor other financial risks by means of proven control and management instruments that enable prompt and transparent reporting. The Group's reporting system ensures that other financial risks, including foreign currency, interest rate and refinancing risks, are regularly recorded, analyzed, assessed and managed by *Group Treasury*. For a description of the risks, please refer to Chapter *C.6.30 Risks related to financial instruments, financial risk management and hedging transactions*. More information can also be found in Chapter *C.6.29 Additional disclosures on financial instruments*.

In the past financial year, we did not identify any individual risks whose occurrence, either alone or in combination, would have jeopardized the continuing existence of the Group or of one of its significant Group companies. If unpredictable, exceptional risks should occur, the possibility that they would have a negative impact on the development of our sales or earnings cannot be ruled out. From today's perspective, however, no risks can be identified that could threaten the existence of the Group or of one of its significant Group companies.

B.3.4 Opportunity management

B.3.4.1 Principles, identification, evaluation and control

In line with our approach to risks, we regularly identify and evaluate opportunities arising in our business areas and markets within the scope of our *enterprise risk management* approach. We understand opportunities as potential positive deviations from our planning. Their occurrence may have additional positive impacts on our net assets, financial position and results of operations.

In its dynamic competitive environment, Bilfinger is presented with opportunities, both externally through new customer requirements, market structures or legal framework conditions, and internally through new services, innovations, quality improvements and competitive differentiation.

Opportunities are identified on an ongoing basis by Bilfinger employees and management. The regular strategy and planning process also supports a fundamental annual analysis of the opportunities available by analyzing internal and external factors that influence our business activities.

In the overall context of the company, opportunities that are considered advantageous to Bilfinger's development and, with it, to the interests of shareholders, should be – where it makes financial sense – encouraged and realized using targeted measures. These are managed by established planning and forecasting processes as well as by projects. Unless otherwise stated, the opportunities presented affect the entire Group. Opportunities specific to business segments include an appropriate indication.

B.3.5 Significant opportunities

Significant opportunities for Bilfinger that are established on the basis of the described method are present in the following areas:

Opportunity title	Rank	Opportunity field	Evaluation Likelihood (1-5) Impact (1-5)
Advantageous market developments	1	strategic	●●● ●●
Growth opportunities in sustainability areas	2	strategic	●●● ●●
Business development and improved go-to-market approach	3	operational	●●● ●●
Value contribution through the purchase and sale of companies and shares in companies / M&A	4	strategic	●●●● ●
Accelerated implementation of productivity measures	5	operational	●● ●●
Effective project and contract execution	6	operational	●●● ●
Positive outcomes of pending legal cases and disputes	7	compliance	●●● ●
Optimization of personnel availability and costs	8	operational	●●● ●
Compliance and safety culture as a positive differentiation feature	9	compliance	●● ●
Opportunities from tax matters	10	finance	● ●

Opportunities described below, as is also the case with risks, fall into the four core areas of the *COSO* framework. The order of the risk titles within the four risk areas reflects our current evaluation with regard to the extent of risk for Bilfinger. Generally speaking, the opportunities presented relate to the Group as a whole; segment-specific opportunities are identified as such.

B.3.5.1 Strategic opportunities

Advantageous market developments

Our strategic planning is based on certain assumptions with regard to the economic framework conditions in our markets in Europe, the United States and the Middle East. If the actual development deviates positively from this planning basis, it can lead to additional impetus on demand.

A substantial and sustainable increase in global market prices for fossil fuels beyond the level that we assume in our strategic planning would, due to our substantial activities in this segment, likely have additional positive effects on our business operations. An oil price that, over a longer term, is above the profitability threshold of the respective extraction technologies used would revive the investing activities of our customers. This would primarily impact the maintenance and investment budgets in the Norwegian, British and U.S. oil and gas sectors.

An additional revival of demand in the area of nuclear energy as a result of targets on the reduction of CO_2 emissions could also open further earnings potentials in selected national markets. Upheavals as a result of the Russian attack on Ukraine in February 2022 and the associated intensified efforts to achieve greater independence from fossil fuels since then could possibly have a positive impact on demand for our services.

Bilfinger assesses additional opportunities in this area with a possible likelihood of occurrence and relevant impact and thus continues to follow the assessment of the previous year.

Growth opportunities in sustainability areas

Bilfinger has a comprehensive portfolio of products and services to help its industrial customers achieve their sustainability objectives and to meet climate-protection targets.

We provide support through services in the energy sector and in innovative areas including the production of (green) hydrogen, carbon capture, utilization and storage (CCUS), battery production or energy efficiency. In this context, Bilfinger is constantly developing its capabilities so that it can better serve its customers throughout the entire lifecycle of their plants. A majority of the growth opportunities in sustainability areas have already been taken into account in our planning, but we assess additional opportunities beyond the planning as relevant due to the increasing focus on fossil-fuel independence and greater sustainability, with a possible likelihood of occurrence and relevant impact, which corresponds to an assessment that is unchanged from the previous year.

Value contribution through the purchase and sale of companies and shares in companies / M&A

Operating units that are active outside the defined business segments, regions or industries are allocated to the Other Operations segment at Bilfinger. These units are not part of the strategic positioning of the Group. Units with a positive earnings contribution are initially managed independently for value until a suitable owner has been found.

In the case of the selling of these companies or for other strategic considerations, cash inflows can have an additional positive effect on the liquidity of the Group and can be put to use for the expansion of growth areas (portfolio rotation). As of December 31, 2023, only one unit remains in this group.

In September 2023, we announced plans to acquire Fluor’s industrial services business Stork; we expect the acquisition to be completed in the first half of 2024 following a review by the antitrust authorities. We expect this strategic addition to strengthen our market position in Europe, particularly in our core business in the Netherlands and Belgium, and to generate substantial added value for our customers through the expansion of our range of services. At the same time, the acquisition is intended to further drive the Group’s profitable growth. Stork will be fully integrated by mid-2025. Our current financial situation also facilitates further acquisitions.

We consider the probability of the opportunity being realized to be increased. We assess the impact of the potentially resulting positive effects as low.

B.3.5.2 Operational opportunities

Business development and improved go-to-market approach

The digitalization of processes in our customer industries is being driven forward with focus under the keyword *Industry 4.0*. We see ourselves as a full service provider for the process industry in the development and ongoing enhancement of existing and new digital solutions. With our expertise, we see ourselves as a liaison between industrial companies and pure IT providers. We want to actively shape the transformation and, among other things, to contribute to enabling digitally networked production, even for medium-sized companies. To this end, we have established a competence center and make targeted investments in this area (see Chapter *B.2.7 Innovation (research and development report)*. The *Group Products & Innovation* department reports directly to the

Group Chief Executive Officer and coordinates Group-wide business development programs related to both new products and an improved integration of services across organizational boundaries. The objective is to more aggressively market Bilfinger's existing innovative products and to integrate them in the regions.

For example, an accelerated customer demand for our services with digital support that goes beyond our underlying planning could, along with an additional boost in growth, also lead to a business that can more easily be scaled and thus to the use of economies of scale. Both can have a significant, positive impact on the financial position and results of operations of Bilfinger. In addition to the further standardization of products and services, Bilfinger intends to meaningfully expand its range of services in all existing regions and to tap into new market potential. The perspective of opportunities that go beyond planning in this regard includes a possible likelihood of occurrence, an increase of one level as compared to the assessment of the previous year. As in the previous year, we consider the potentially resulting positive effects to be relevant.

Accelerated implementation of productivity measures

An important precondition for achieving our mid-term margin targets is a significant increase in productivity in all areas of the Group. With this in mind, Bilfinger has made investments in systems, training and networks to achieve continuous improvement in recent years. The establishment of product centers, for example, is planned for financial year 2024. These will be used to standardize operational processes in the handling of orders. In our view, this will make a significant contribution to increasing productivity in the future.

In addition, Lean training courses will be held on a regular basis and the Lean network within the Group will be further expanded. This will continuously increase the number of employees working on process optimization in the plants and on construction sites.

The efficiency program that we launched in 2022, which aims in particular to streamline administration and standardize administrative and operational processes, was completed as planned in the 2023 reporting year and we expect it to take full effect in the following year. The potential opportunities contained in this program have, however, essentially already been incorporated into our mid-term planning, which is why we assess additional opportunities that go beyond our planning with a low likelihood of occurrence and a relevant impact.

Effective project and contract execution

Supplementary earnings opportunities arise from constant improvement of project execution and the identification of additional potential contracts resulting from this. The realization of these potentials relies on the nearly optimal application of project management processes and instruments, which are also used in the mitigation of project risks. This also requires a profound understanding of the underlying contracts in each case. Bilfinger therefore utilizes professional project managers with comprehensive experience and training. Bilfinger continues to evaluate the likelihood of occurrence of this opportunity as within the realm of possibility. The impact, as was the case in the prior year, is currently considered to be low.

Optimization of personnel availability and costs

A positive deviation from the planning on the availability of cost-efficient personnel resources presents an opportunity for Bilfinger. The opportunities here relate, in particular, to even more effective integration of qualified suppliers and subcontractors and to passing on inflation-related cost increases to our customers. There are also additional modern methods for personnel deployment as part of a better process and system landscape, among other things, with regard to an even more effective administration of necessary training.

A key strategic objective of the Engineering & Maintenance Eastern Europe region, which was established in the 2023 reporting year, will open up further employer markets in Eastern Europe and secure personnel working in other Bilfinger markets in Europe. First employees were recruited from Romania, for example. Employees from these countries are also being recruited and trained in new trades, for example an increasing number of employees in the field of mechanics for deployment in the United Kingdom.

On the whole, we estimate that the likelihood of occurrence for this opportunity is still within the realm of possibility compared to the previous year. We also continue to assess the potential positive effects as low.

B.3.5.3 Financial opportunities

Opportunities from tax matters

The Bilfinger Group has significant tax loss carryforwards for which no deferred taxes were capitalized, because the taxable income of the relevant jurisdictions was negative in previous years. In Germany, due to the clearly positive taxable income in financial year 2023 and the forecast positive income in planning years, a history of losses can no longer be assumed, meaning that an appropriate portion of the tax loss carryforwards was capitalized in profit or loss as of December 31, 2023.

Further capitalization is possible if earnings remain stable or increase in subsequent years. Opportunities arise from the temporarily improved loss carryforward utilization for the years 2024 to 2027 provided for in the draft version of the German Growth Opportunities Act (*Wachstumschancengesetz*).

The income of the Bilfinger North America tax group was negative in 2023, which means that loss carryforwards were not fully capitalized due to the history of losses in this tax group. If the planned improvements in earnings in this tax group occur, the Group's financial and earnings position will improve further due to the capitalization of loss carryforwards in the income statement.

Further opportunities arise from appeal proceedings that are suspended until a decision is made by the highest court. Bilfinger considers the chances of success of these legal remedies to be very low, with a simultaneous low impact.

B.3.5.4 Compliance opportunities

Positive outcomes of pending legal cases and disputes

Bilfinger's business activities occasionally lead to disputes with customers concerning the appropriateness of certain requirements. There are relevant balance-sheet provisions in place for Bilfinger's current expectations. Should the processes end more favorably than currently expected, this would, in some instances, provide significant potentials for our net assets, financial position and results of operations.

In addition, Bilfinger is asserting claims against customers in various countries for payment of outstanding compensation claims in the low three-digit million euros. If these claims can be asserted, this would also have a positive effect on the Group's net assets, financial position and results of operations.

Overall, the opportunity from pending legal cases and disputes is seen as having a low positive effect and a possible probability of occurrence.

Compliance and safety culture as a positive differentiation feature

Our customers place a greater focus on compliance and HSEQ performance when choosing their partners. In light of the optimization of integrity and the HSEQ culture described in Chapter *B.5.4.2 Counteracting bribery and corruption*, Bilfinger rigorously meets these requirements and can gain an important positive differentiation feature in the competitive environment. This is proven by the contracts awarded to Bilfinger, for which the compliance system was an important factor in the customer's decision, for example. In our view, this could open up further opportunities for additional growth and earnings potential. The opportunity from this in terms of the likelihood of occurrence is still considered small. This also applies to its impact.

B.3.6 General assessment of the opportunities situation

Our current planning for the financial years from 2024 already provides for an improvement in the Group's net assets, financial position and results of operations through the realization of potential opportunities, including planned productivity increases from the establishment of product centers to standardize operational processes in order processing.

The efficiency program we adopted last year was also completed on schedule at the end of 2023 and we expect it to take full effect from 2024. From today's perspective, we believe that further opportunities that go beyond the assumptions made in our planning with regard to the realization of opportunities are more limited.

However, we consider Bilfinger's overall opportunity situation to be better than it was in the previous year. By standardizing and bundling our services, we expect to increase profitability and want to become a solution partner for our customers, which could open up further opportunities for additional orders for Bilfinger. We also deliver a comprehensive portfolio of products and services designed to enhance the efficiency and sustainability of our customers (especially in the energy sector). Together with the increasing efforts of countries in Europe to become more independent of fossil fuels and Russian natural gas, in particular, this gives us the opportunity to attract new customers and grow in sustainability areas in particular.

We also believe that the acquisition of Fluor's industrial services business Stork offers additional opportunities, allowing us to strengthen our market position on the one hand and expand the range of services we offer on the other. Our current financial position offers the opportunity for potential acquisitions, which in turn could generate positive value contributions for the Group.

B.3.7 Internal control and risk management system as relates to the accounting process

The primary objective of our internal control and risk management system as relates to the accounting and consolidation process is to ensure orderly financial reporting in terms of conformity of the consolidated financial statements and the combined management report of the Bilfinger Group as well as the consolidated financial statements of Bilfinger SE as a parent company with all relevant regulations.

Accounting process

Our consolidated financial statements are produced based on a centrally predetermined conceptual framework. This primarily comprises uniform requirements in the form of accounting guidelines and an account framework. Continual analysis is carried out to determine whether adaptation of the conceptual framework is necessary as a result of changes in the regulatory environment. The departments involved in accounting are informed of current topics and deadlines to be met which affect accounting and the preparation of financial statements on a quarterly basis or, when necessary, also ad hoc.

The financial statements provided by Bilfinger SE and its subsidiaries form the data basis for the preparation of our consolidated financial statements. Accounting at the Bilfinger Group is generally organized in a decentralized manner. Accounting tasks are mainly undertaken by the consolidated companies on their own responsibility, or are transferred to one of the Group's shared service centers. In some cases, such as the evaluation of pension obligations, we call upon support from external qualified service providers. The consolidated financial statements are prepared in the consolidation system on the basis of the reported financial statements.

The accuracy of the accounting process is supported by appropriate staffing and material equipment, the use of adequate software, implemented process controls as well as a clear definition of areas of responsibility. The accounting process is also supported by quality assurance control and monitoring mechanisms (for example, plausibility controls, the dual control principle, audits performed by *Internal Control Systems* (ICS) as well as *Internal Audit*), which aim to expose and prevent risks and errors.

Internal control and risk management system

Taking into account legal requirements and customary industry standards, Bilfinger has established a Group-wide *internal control system* (ICS) for the identification and mitigation of potential risks. This system is continuously expanded and developed. The ICS consists of principles, procedures and measures to secure the effectiveness, efficiency, completeness and accuracy of the company's accounting and financial reporting as well as the observance of applicable legal requirements. This also includes the internal auditing system insofar as it relates to accounting. On this basis, the observance of fundamental controlling principles such as separation of tasks and functions, four-eyes principle or lawful access regulations in the IT systems will be ensured for the accounting and consolidation process.

The ICS in the Bilfinger Group is designed in accordance with the internationally recognized *COSO standard Internal Control - Integrated Framework* and is applied both to the consolidated companies and to the consolidation.

The basic structure of the ICS includes the five core business processes *purchase-to-pay, order-to-cash, hire-to-retire, investment-to-disposal* and *financial reporting* and was expanded in the 2023 financial year to include the important business process "information security". The controls embedded in the financial reporting process relate to both the accounting process in the included companies as well as the consolidation. The key risks have been identified for these business processes and necessary correlating controls are defined within the framework of a risk control matrix. This structure represents the Group-wide binding ICS standard.

The internal control and risk management system designed and implemented at Bilfinger with regard to the Group accounting process consists of the following significant features:

- The IT systems used in accounting are protected from unauthorized access through appropriate security measures.
- Uniform accounting is defined in Group-wide guidelines, which are regularly updated.
- Accounting data are randomly reviewed on a regular basis for completeness and accuracy. This process is supported by programmed plausibility checks (e.g., technical separation of functions) within the ERP system that is used as well as adjacent subsystems.

- Appropriate controls have been implemented for all accounting-relevant processes (including the dual control principle, functional separation and analytical audits). They are also regularly reviewed by *Internal Control Systems* (ICS).
- On the basis of the reports received from the external auditors and from *Internal Control Systems (ICS)*, the Supervisory Board, through its Audit Committee, reviews the functionality of the internal control and risk management system as relates to the accounting process.

The ICS is organized in accordance with the structure of the Group. The Chief Financial Officer is responsible for the design and effectiveness of the ICS for financial reporting. The Group function *Internal Control Systems* is responsible for designing the ICS using appropriate and effective control steps and embedding them in the respective business processes. Together with the ICS managers appointed at regional, divisional and company level, monitoring and reporting on the status of the ICS to the respective management, which has overall responsibility for the ICS at company level, is ensured and the implementation of any further improvements to the control system is driven forward.

The processes and systems for the ICS are monitored on an ongoing basis in order to eliminate identified weaknesses and ensure continuous improvement of the processes and systems. The effectiveness of the internal control system is ensured through regular reviews of the implementation of controls as well as monthly rolling independent control assessments regarding their effectiveness and efficiency. The control reviews are carried out by the companies themselves and summarized as part of an annual control self-assessment. The use of robotic process automation (RPA) in the area of ICS has standardized, improved and accelerated administrative activities within the creation of control documentation, allowing more time to be available for quality checks. In addition, regular, central ICS e-learning and separate training measures ensure that all persons involved in the ICS have access to up-to-date and valid information. Central, sustainability-related issues regarding energy and emissions are currently being reviewed and will be embedded in the ICS in future so that the associated risks are also adequately mitigated.

This forms the basis for the evaluation of the appropriateness and effectiveness of the Group-wide control system by the Executive Board at the end of the financial year. Recommendations for improvement become part of the continuous development of the internal control system.

Within the scope of the internal control and risk management system with regard to the accounting and consolidation process, Bilfinger has taken the measures described above for the identification and evaluation of risks such as the inappropriate exercise of assessment latitude as well as violations of standards and regulations. The requirement of a conceptual framework and the establishment of quality-assuring control and monitoring mechanisms in particular serve to limit risks that exist with regard to the Group accounting processes. At the time of reporting, there were no indications in any material respects that the ICS was inadequate or ineffective overall. Given their inherent limitations, however, internal controls cannot completely prevent potential errors in the Group accounting process and do not provide absolute certainty with regard to the achievement of control objectives.

B.4 Outlook

B.4.1 Macroeconomy

Current forecasts indicate that the global economy is gradually recovering from the impact of the pandemic, the energy crisis and high inflation. The significant decline in the inflation rate in Europe and the USA at the end of the year suggests that central banks could ease their high interest rates somewhat in 2024. The slightly friendlier interest rate environment that would result would contribute to an economic upturn. Labor markets that have developed a significant degree of resilience in the wake of past crises are likely to provide further support for economic development (DG ECFIN). The relatively stable employment situation, combined with wage increases in real terms in the European Union, will lead to a recovery in private purchasing power, which was significantly hindered by the strong surge in inflation over the course of the last two years. The return to more moderate energy prices will also be beneficial. In addition, stable growth in corporate investment is expected for the EU member states (DG ECFIN). Overall economic growth expectations are mixed, however. According to current economic forecasts, Germany is expected to perform below average (DG ECFIN). High energy prices relative to other countries and an increasingly critical assessment of location factors, from the tax burden, bureaucracy and regulation to the availability of qualified workers, are having a negative impact on Germany (Stiftung Familienunternehmen). Not only that, Germany's restricted room to maneuver in fiscal terms is causing concerns about its ability to act in the face of rapidly growing social spending in the federal budget and the ruling by the Federal Constitutional Court on the inadmissibility of debt-financed secondary budgets. The global economy could perform worse than expected if the recent weak performance of the Chinese economy develops unfavorably with a worsening of the difficult situation on the real estate market. Geopolitical risks also remain high in view of the ongoing conflicts. Weak Chinese growth in particular suggests that oil and commodity prices will continue to fluctuate within a moderate range.

Engineering & Maintenance Europe

Economically, development in this segment in 2024 will initially continue to be impacted by the difficult situation in the European chemical industry with its sensitivity to high energy costs. Another structural factor is that energy-intensive new industrial plants are increasingly likely to avoid choosing European locations in favor of sites in the USA or Asia, where energy is more readily available at lower cost and the regulatory burden is lower (Lün p. 42).

Despite these factors, the chemical industry remains the most important customer sector for industrial service providers in Europe. In the years ahead, the energy transformation and advancing digitalization will ensure that European markets for industrial services remain stable. The overwhelming majority of the sector views the upcoming challenges as an opportunity to generate and further expand business areas (Lün p. 5). The conversion of the process industry to a largely CO_2-neutral production method requires massive investment in the electrification of production as well as in hydrogen technology and hydrogen infrastructure. In addition to investments geared toward adaptation, this also involves extensive process changes (Lün, p. 35). Added to this is the commencement of carbon capture and storage (CCS), something that has already begun. With the help of CCS, even those industries where carbon emissions cannot be physically avoided or where such emissions are difficult to avoid can now prevent emissions into the atmosphere. CCS solutions place high demands on an effective CO_2 circular economy. One example of this is the planned commissioning of the first European plant for CO_2-free cement in Norway in 2024 (FAZ Green Cement). In addition to all these technological necessities, there are regulatory constraints, for example with regard to ESG reporting, which is accompanied by growing demands on the digital data flow on resource consumption and the production chain (Lün p. 38). In combination, these developments suggest a stable and increasing demand for the services of industrial service providers. The growing shortage of skilled workers, however, is likely to increasingly limit the industry's ability to fully meet the growing demand in the coming years (Lün p. 25).

In Europe, the industry's financial ability to cope with these transformation tasks is supported by high levels of national and European public funding. In the next two years, the EU member states will benefit particularly strongly from the project funds made available to them as part of the debt-financed Next Generation EU COVID recovery plan. In 2024 alone, over €180 billion in grants and loans are expected to be disbursed from the plan (Funcas). As part of their recovery and resilience plans financed from this, the member states are allocating 40 percent of the funds to climate protection and 26 percent to digitalization (European Commission Scoreboard). However, the availability of these funds is higher in the particularly favored countries of Eastern and Southern Europe than in Central and Western Europe, where more national funding must be used. Following the Federal Constitutional Court's ruling in November 2023 that the previous Climate and Transformation Fund was unconstitutional, the question for Germany is whether the federal and state governments can maintain their financial commitment to supporting the industrial transformation as planned. This uncertainty contributes to the specific difficulties of the German location.

The entire European market for industrial services will receive a significant boost in the coming years from the start of the ramp-up of hydrogen production and its distribution and use in industry. In Europe, locations with high potential for photovoltaic and wind power are particularly promising for production. According to an analysis by Fraunhofer ISI, these primarily include France, Spain, the United Kingdom, Norway and Finland (Fraunhofer ISI). This hydrogen produced at these sites can then be transported via pipeline networks to locations such as Germany, Belgium and the Netherlands with their basic chemical industries. The German government updated the existing National Hydrogen Strategy in 2023 and is now planning to build a 1,800 kilometer pipeline network for the large-scale connection of industrial sites by 2027/28 (German government). Service providers that already have a high level of technological expertise in gas transportation and applications in production will be among the main beneficiaries of this transformation.

Around 30 new battery factories with capacities of at least 10 GWh per year are currently planned in Europe (Handelsblatt battery production). The objective of this major expansion of capacity is to reduce Europe's dependence on imports. It will also create new demand for service partners. It is not certain, however, whether these ambitious investment plans will actually be implemented on this scale. Significant U.S. subsidies under the Inflation Reduction Act (IRA) and the disadvantage of higher energy costs in Europe have led to a review of some of the planned projects. Nevertheless, battery production in Europe will multiply in the years ahead.

Production volumes in the oil and gas industry in the UK and Norway will develop differently in the coming years. While the projections for Norway indicate that production will remain largely stable until 2027 (NP PF), a decline of a good 25 percent is expected for the UK production fields from 2023 to 2027 (NSTA PEP). At the same time, a continuous decline in operating and investment expenditure is expected for the UK production fields. In contrast, expenditure on decommissioning and dismantling is forecast to remain stable. The stagnation and decline in oil and gas production is offset by the rapidly growing CCS segment in the North Sea. The CCS projects initiated to date are expected to enable the storage of 30 million tons of CO_2 per year by 2030, equivalent to around 10 percent of current UK carbon emissions (NSTA PR). Norway has made even more progress and sees CCS as an important new business opportunity to replace declining revenues from fossil fuels in the long term. In the “Green Alliance”, Norway and the EU agreed in 2023 to promote the decarbonization of EU industry with the help of Norwegian CO_2 storage facilities. In addition, various collaborations between Norwegian and EU partners have been initiated, including plans for a CO_2 pipeline to connect continental European CO_2 producers with offshore storage facilities on the Norwegian continental shelf (GTAI Norway Carbon Storage).

Engineering & Maintenance International

In the U.S., chemicals and petrochemicals are expected to be the beneficiaries of a gradual recovery in the global economy in the coming year. In contrast to Europe, the industry only experienced a slight decline in production in 2023 and is already looking to expand production by 2.0 percent again in 2024 (VCI Worldwide). In the coming years, the longer-term locational advantages that come with the abundant availability of affordable energy sources will have a very positive impact on the willingness to invest. These advantages have become even more pronounced as a result of the European energy crisis, which means that the U.S. is likely to attract even more energy-intensive production from Europe. Investments currently being made in the decarbonization of industry, in hydrogen technology as well as in the production of batteries will also benefit from the subsidies provided by the IRA. Risks to stable development exist in the form of further political developments and uncertainty about the direction of climate and trade policy after the upcoming presidential election due to the strong polarization of U.S. politics, including on energy and climate policy issues.

U.S. oil and gas production is likely to increase in the short term in 2024, although growth will weaken due to the recently lower global market prices for oil and gas (EIA STEO). Current forecasts indicate that the country will continue to increase its oil and gas production in the medium term, although the extent of the increase is heavily dependent on price trends, according to projections by the Energy Information Administration (EIA AEO). Due to the foreseeable strong expansion of renewable energy sources for electricity production, the increase in fossil fuel production will largely go toward exports. In particular, the sector could double its exports of liquefied natural gas by the 2030s (EIA AEO).

In the Gulf states, the diversification of national economies is progressing steadily, reducing the one-sided dependence on oil and gas production. It is the objective of Qatar, for example, to double its non-oil exports by 2031 as part of its new National Development Strategy (PwC GCC). In addition to promoting the service sector, Saudi Arabia is focusing heavily on expanding the manufacturing industry. As part of the decarbonization strategies also being pursued in the Gulf, the continued high level of oil and gas production is to be accompanied by CCS projects. By 2035, these carbon storage projects are expected to reach an annual capacity of 35 million tons (GTAI Saudi Arabia Economic Power). However, the ambitious investment plans in the Gulf still require sufficiently high oil prices, which will remain essential for the stability of public budgets and their production possibilities for the time being.

Technologies

The resurgence of nuclear power in Europe will lead to rising demand for services in this segment in the coming years. In France, which currently operates 56 reactors (WNA France), the decision to extend the service life of existing nuclear power plants will ensure a stable market outlook and high demand for maintenance and modernization measures. With the shift under President Emmanuel Macron toward a further expansion of nuclear power, the construction of six new nuclear power plants with a planned investment volume of €52 billion was confirmed by the French parliament in March 2023. Construction is scheduled to begin in 2027 (WNA France). The United Kingdom is planning the construction of a new power plant with two reactors (Sizewell C) in collaboration with the French company EDF, which could cover 7 percent of the country's electricity requirements once the project is completed (FAZ Sizewell).

In Poland, there is a broad political consensus in favor of nuclear power, so that even the recent change of government is not expected to change the course that has already been set (WNN).

In Germany, with the special path it has taken to phase out nuclear energy entirely, the market for the decommissioning of nuclear power plants will remain significant and predictable in the coming years due to the legally defined obligations of the operators until 2030. According to the current dismantling schedules, the market size will decrease from the current level of €2.4 billion to around €1.5 billion in 2030. By the mid-2030s, the volume of the nuclear power decommissioning market is likely to fall below €0.5 billion (Bundestag Transparency Act).

On the demand side, the European biopharmaceutical sector will continue to benefit from a high level of demand for innovative pharmaceutical products to serve an ageing European society and, on the supply side, benefits will also come from a high level of research and innovation. In contrast to the European chemical industry, the disadvantages of high energy costs at some European locations such as Germany, Austria, Belgium and the Netherlands are less significant due to the high value added. Following the post-COVID consolidation of pharmaceutical sales, global revenue will now expand again at annual rates of just under 6 percent (Evaluate). However, the expiry of important patents and a possible tightening of price and patent regulation will have a negative impact on development. For example, the European Commission would like to shorten patent protection for new drugs from 10 to eight years under certain conditions (Evaluate). In addition to innovative cancer drugs, new approaches in the treatment of Alzheimer's and obesity provide new opportunities for growth (Evaluate). The proportion of biotechnologically manufactured products in the global pharmaceutical industry, which currently stands at 39 percent, could rise to 44 percent by 2028 (Evaluate). This is accompanied by a growing demand for bioreactors and the surrounding infrastructure for production processes.

Sources

German government: National Hydrogen Strategy, Energy from climate-friendly gas, press release, July 26, 2023.
Bundestag Transparency Act: Report pursuant to Section 7 of the Transparency Act - Decommissioning of nuclear power plants, Bundestag publication 20/9575 dated November 23, 2023.
DG ECFIN Forecast: European Economic Forecast, Autumn 2023, European Economy, Institutional Paper 258, November 2023.
EIA AEO: U.S. Energy Information Agency, Annual Energy Outlook, March 2023.
EIA STEO: U.S. Energy Information Agency, Short-term Energy Outlook, November 2023.
European Commission Scoreboard: Recovery and Resilience Scoreboard, https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/ (accessed: December 3, 2023).
Evaluate: EvaluatePharma, World Preview 2023, Pharma's Age of Uncertainty.
FAZ Green cement: Green cement is getting closer, Frankfurter Allgemeine Zeitung, November 29, 2023.
FAZ Sizewell: Sizewell C nuclear power plant without Chinese participation, Frankfurter Allgemeine Zeitung, November 29, 2022.
Fraunhofer ISI: How much green hydrogen will Europe's industry need in 2050?, Energy System Analysis, Blog, August 9, 2023.
Funcas: The EU recovery plan: funding arrangements and their impacts, https://www.funcas.es/articulos/the-eu-recovery-plan-funding-arrangements-and-their-impacts/ (accessed: December 3, 2023).
GTAI Norway Carbon Storage, Norway to become Europe's carbon sink, GTAI, May 3, 2023.
GTAI Saudi Arabia economic powerhouse: Kingdom wants to expand its position as a leading economic power, GTAI, July 20, 2023.
Handelsblatt battery production: Europe is becoming independent in battery production, Handelsblatt, January 24, 2023.
Lün: Industrial service companies in Germany, sales, markets, structures, trends, Lünendonk Study 2023.
NP PF: Norwegian Petroleum, Production Forecasts, October 6, 2023.
NSTA PEP: North Sea Transition Authority, Production and Expenditure Projections, September 2023.
NSTA PR: Net Zero Boost as Carbon Storage Licenses Accepted, NSTA Press Release, September 15, 2023.
PWC GCC: Five GCC Economic Themes to Watch in 2023, Blog, 2023.
Family Business Foundation: Family Business Country Index, 9th edition, 2023.
VCI Worldwide: Business Worldwide, The economic situation of the global chemical industry in Q2 2023, September 2023.
WNA France: World Nuclear Association - France, https://world-nuclear.org/information-library/country-profiles/countries-a-f/france.aspx (accessed: December 3, 2023).
WNN: Polish Government Approves First Nuclear Power Plant, World Nuclear News, July 12, 2023.

B.4.2 Assumptions

Russia-Ukraine war and Middle East conflict

Because the global consequences of the Russia-Ukraine war are not yet fully foreseeable, the outlook is subject to heightened uncertainty. Our limited business activities in Ukraine are also impacted by the war. The wider consequences of the war on the global economy and thus on Bilfinger's business activities cannot be predicted with any degree of certainty. The outlook assumes that there will be no further escalation of the war.

We do not consider the recent escalation of the conflict in the Middle East to have any significant direct impact on Bilfinger. We currently have no business activities in the region around Israel and, although the further development of the conflict cannot be predicted with any degree of certainty, we assume that our locations and our customers in the Middle East will not be significantly impacted. We also do not expect any significant negative macroeconomic effects.

Currency effects

We are exposed to translation effects primarily with respect to the following currencies: U.S. dollar including the currencies in the Middle East linked to it as well as the British pound, Norwegian krone, Polish zloty and South African rand. Our outlook for financial year 2024 is primarily based on average exchange rates for 2023.

Inflation

Inflation rates in the low to mid-single-digit range are expected in major markets for 2024. In this respect, personnel cost increases have a very limited impact on the business. We assume that, due to the current contractual designs, it will be possible to pass on most of the increase in personnel costs to customers.

Acquisition of parts of the Stork Group

In September 2023, an agreement was signed to acquire parts of the Stork Group, previously part of Fluor Corporation (USA). The transaction primarily comprises the operating units in the Netherlands and Belgium as well as some units in Germany and the USA with a total of more than 2,700 permanent employees and revenue of approximately €500 million. These activities are not included in the current outlook for the 2024 financial year. If the transaction is successfully closed, which is expected in the first half of 2024, the 2024 outlook will be updated accordingly.

B.4.3 Expected business development in 2024

Based on the assumptions above, we expect business to develop as follows in financial year 2024:

OUTLOOK 2024	Actual financial year 2023	Outlook financial year 2024
Revenue *in € million*		
Engineering & Maintenance Europe	2,978.8	2,900 to 3,200
Engineering & Maintenance International	681.8	650 to 750
Technologies	737.1	750 to 850
Reconciliation Group / other	88.0	50 to 75
Group	**4,485.6**	**4,500 to 4,800**
EBITA margin		
Engineering & Maintenance Europe	5.4%	5.9 to 6.2%
Engineering & Maintenance International	0.4%	2.5 to 4.0%
Technologies	4.5%	5.0 to 5.5%
Reconciliation Group / other *(EBITA)*	-€6.5 million	-€15 million to -€25 million
Group	**4.3%**	**4.9 to 5.2%**
Free cash flow Group	**€121.8 million**	**€100 million to €140 million**

Revenue

For 2024, the *Bilfinger Group* expects revenue of between €4,500 million and €4,800 million (2023: €4,485.6 million).

In the *Engineering & Maintenance Europe* segment, revenue (2023: €2,978.8 million) is expected to be between €2,900 million and €3,200 million on the basis of the good order backlog and following significant growth in the reporting year.

At *Engineering & Maintenance International*, revenue (2023: €681.8 million) of €650 million to €750 million is expected. The reporting year included revenue from the completion of legacy projects. We also continue to focus our U.S. business on long-term maintenance contracts.

Following a significant increase in the reporting year, *Technologies* is expecting further growth in revenue (2023: €737.1 million) to between €750 million and €850 million on the basis of the strong order backlog.

In *Reconciliation Group / other*, which also includes the activities reported under *Other Operations*, revenue will be between €50 million and €75 million (2023: €88.0 million).

Order backlog as of December 31, 2023, amounted to €3,384.7 million for the Group. We expect that most of this amount will translate into revenue in 2024.

EBITA / EBITA margin

The *profitability* of the Group is expected to increase to an EBITA margin of 4.9 percent to 5.2 percent (2023: 4.3 percent). This increase is the result of operational improvements and the positive effects from the efficiency program. This is reflected in all segments. No significant charges are expected from special items.

For *Engineering & Maintenance Europe* (2023: 5.4 percent), we anticipate an EBITA margin of between 5.9 percent and 6.2 percent. At *Engineering & Maintenance International*, revenue (2023:

0.4 percent), an EBITA margin of 2.5 to 4.0 percent can be expected. At *Technologies* (2023: 4.5 percent), the EBITA margin will likely improve to between 5.0 percent and 5.5 percent.

For the items summarized under *Reconciliation group / other* (2023: -€6.5 million), we anticipate EBITA of between -€15 million and -€25 million in 2024.

Net profit

Net profit adjusted for special items (2023: €116.9 million) is expected to be between €140 million and €160 million in financial year 2024.

Free cash flow / cash conversion rate

Free cash flow is forecast to be between €100 million and €140 million in 2024 (2023: €121.8 million) including the cash outflows for implementation of the efficiency program in 2024 of approximately €40 million which were not paid out in the reporting year. Adjusted for special items, this results in a cash conversion rate of around 70 percent.

Financing

We have a syndicated credit facility of €300 million available which is due in December 2028. We expect that the limit defined in the loan agreement for the financial covenant (dynamic gearing ratio = adjusted net debt / adjusted EBITDA) will be maintained at all times.

General statement from the Executive Board of Bilfinger SE on the anticipated development of the Group

We expect the Bilfinger Group’s positive development to continue in financial year 2024. We are seeing continued strong demand for our services, which we use to help enhance the efficiency and sustainability of our customers.

We want to leverage the potential that our markets offer. We have defined three strategic levers in order to achieve sustainable profitable growth:

- The *efficiency program* launched at the end of 2022 was fully implemented in 2023. It was targeted toward the Group’s administrative functions and provides for cost savings of around €55 million, which are expected to take full effect from financial year 2024.
- By improving our own *operational excellence*, we aim to improve growth, profitability and cash flow. The key element here is the increased standardization and bundling of our service areas into product centers. Operational risks will also be mitigated through a standardized order selection process. In addition, the digitalization of processes and the increased use of innovations have the potential to further improve our economic performance.
- We are striving to achieve both further growth and greater profitability by improving our positioning in our markets. The objective is to expand our markets and to be able to deliver standardized products on an equal footing in all existing markets. In this regard, we are working on approaches that make Bilfinger’s influence on the efficiency and sustainability of our customers quantifiably measurable.

In financial year 2024 we will work intensively to further increase profitability in our segments and in our Group as a whole. We will also continue to emphasize the importance of focusing on the Group’s free cash flow. The measures initiated to further reduce costs and improve cash flow generation will be important factors when it comes to achieving our mid-term targets.

B.5 Non-financial Group declaration

B.5.1 Introduction

B.5.1.1 About this declaration

This non-financial Group declaration from Bilfinger SE relates to financial year 2023. In terms of structure and content, the declaration follows the provisions of the German Commercial Code (HGB) and the corresponding formulation of the German Accounting Standards (DRS 20). It fulfils the content requirements pursuant to Section 315c in conjunction with Sections 289c to 289e HGB and of Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the “EU Taxonomy Regulation”). For this declaration, we focus first and foremost on the interests of our stakeholders. In view of the multitude and heterogeneity of frameworks, none of the currently existing frameworks appear to be suitable and therefore, in the interest of focused reporting, we have refrained from using a specific framework.

In a number of places in the non-financial Group declaration, we refer to additional information, for example in the Annual Report or on our Internet site. References to the combined management report are attributable to the content of the non-financial Group declaration. All references to information outside the combined management report serve to deepen the information presented here, but are not part of the non-financial Group declaration and are therefore not audited.

The information in this non-financial Group declaration was not subjected to the statutory audit in accordance with Section 316 ff HGB, but instead was audited in a separate assignment for the purpose of obtaining limited assurance.

B.5.1.2 Business model of Bilfinger SE

The business model of the Bilfinger Group in financial year 2023 did not change as compared with the prior year. Bilfinger is an internationally active industrial services provider. The Group aims to enhance the efficiency and sustainability of process industry customers. Bilfinger’s portfolio covers the entire value chain from consulting, engineering, manufacturing, construction and maintenance through to the expansion of plants and turnarounds. Bilfinger delivers its services in two service lines: Engineering & Maintenance and Technologies. The company is primarily active in the regions Europe, in North America and in the Middle East. Process industry customers come primarily from the sectors energy, chemicals & petrochemicals, pharma & biopharma and oil & gas. At the end of financial year 2023, Bilfinger employed about 28,650 people and generated revenue of approximately €4.5 billion.

More detailed explanations on the organization, strategy and goals as well as the management system of the company can be found in Chapter B.1 The Bilfinger Group.

B.5.1.3 Sustainability at Bilfinger

Sustainability is a key component of our corporate strategy. With our services, we make a significant contribution to helping our customers achieve their sustainability goals. We enhance efficiency, reduce emissions and increase the performance of plants in the process industry.

We have firmly anchored the concept of sustainability in our corporate structures. It is defined as a goal in our Mission Statement and is an integral part of our Code of Conduct as well as relevant internal Group Policies. We have been reporting on our sustainability activities on an annual basis since 2011 and have published an externally audited non-financial Group declaration every year since 2018. Bilfinger is a member of the UN Global Compact initiative, supports the UN Sustainable Development Goals and issues an annual declaration of conformity with the German Sustainability Code.

In the area of sustainability, Bilfinger is evaluated by several external institutions. We are in regular, active contact with MSCI-ESG, ISS-ESG, Sustainalytics, CDP and Ecovadis, among others.

The Executive Board is responsible for sustainability. Sustainability management at Group level is coordinated and aligned with the *SustaiNet* sustainability network, which is coordinated by Group Treasury & Investor Relations under the responsibility of Executive Board member Matti Jäkel (Group Chief Financial Officer).

SustaiNet members include the heads of the three segments Engineering & Maintenance Europe, Engineering & Maintenance International and Technologies as well as the heads of selected Group functions and units whose areas of responsibility have points of contact with sustainability issues.

SustaiNet meets at least twice a year as scheduled; in addition, meetings are convened on an ad-hoc and project-related basis. In addition to the formal exchange in the sustainability network, the members as well as employees in their functional areas are in regular contact on individual sustainability topics.

B.5.1.4 Determination of materiality

We have been carrying out regular materiality analyses for many years with the goal of determining the key areas of action for sustainability at our company. The most recent fundamental analysis was conducted in 2020 and was updated in subsequent years. In 2023, we carried out a new, regularly scheduled comprehensive materiality analysis.

Materiality analysis process

A comprehensive list of sustainability topics that could potentially be relevant for Bilfinger *(longlist*) was drawn up in anticipation of the *Corporate Sustainability Reporting Directive (CSRD),* a set of regulations that will apply from the 2024 financial year. We initially included all topics, sub-topics and sub-sub-topics specified in the *European Sustainability Reporting Standards (ESRS E1-G1)* in the longlist. The future, standardized catalog of sustainability reporting topics was thus fully taken into account. We also included additional company-specific topics that were considered material for Bilfinger in our previous reporting.

We then reduced this broad collection of topics to a list of sustainability topics that are specific to Bilfinger (*shortlist*) by excluding areas that are obviously immaterial.

The subsequent validation was carried out taking into account the perspectives of the stakeholder groups important to Bilfinger. An internal *SustaiNet* stakeholder panel assessed the materiality of each individual shortlist topic using a standardized scoring model. The assessment for individual stakeholder groups was carried out by the following panel members:

- Customers: Heads of the three segments Engineering & Maintenance Europe, Engineering & Maintenance International and Technologies as well as the Head of Products & Innovation
- Employees: Head of Human Resources & HSEQ

- Suppliers: Head of Procurement
- Capital market: Head of Treasury & Investor Relations

In the stakeholder panel validation process, both the Group's own activities and its value chain *(upstream / downstream*) were considered from a dual materiality perspective. This non-financial Group declaration takes into account issues that have been classified as material in terms of their financial materiality for the company and their impact materiality for the environment and society. At the same time, the results of the analysis also serve as preparation for future reporting in accordance with CSRD regulations. In this regard, topics will be reportable that are considered material either in terms of *financial materiality, impact materiality* or both categories.

The result of the materiality analysis was finally validated by the *Group Executive Management* and validated and approved by the *Executive Board* of Bilfinger SE.

Result of the materiality analysis

In order to structure the content of this non-financial Group declaration, we have assigned the sustainability issues defined as material in the 2023 analysis to the established *Environment, Social* and *Governance (ESG*) categories. We also report on the disclosures in accordance with *Article 8 of the EU Taxonomy Regulation* in the Chapter B.5.2 Environment.

MATERIAL SUSTAINABILITY TOPICS AND THEIR PRESENTATION IN THE NON-FINANCIAL GROUP DECLARATION 2023

	Material topics	Chapter	HGB / CSR-RUG [2]
E Environment	Energy Climate change mitigation Climate change adaptation	B.2.5.1 Energy consumption B.2.5.2 Emissions B.5.2.3 Industrial services to enhance efficiency and sustainability B.5.2.4 Consolidated disclosures in accordance with Article 8 EU Taxonomy Regulation	Environmental matters
S Social [1]	Health and safety	B.5.3.1 Occupational safety	Employee matters
	Training and development of competences	B.5.3.2 Employee development	
	Diversity Gender equality	B.5.3.3 Diversity	
G Governance	Corporate culture in the handling of sustainability topics	B.5.4.1 Good corporate governance	*Additional aspect reported*
	Bribery and corruption	B.5.4.2 Counteracting bribery and corruption	Counteracting bribery and corruption
	Workers in the value chain	B.5.4.3 Human rights, labor rights and sustainable supply chain	Respect for human rights and employee matters

[1] *In the materiality analysis conducted in the third quarter of 2023, secure employment, working time, adequate wages, work-life balance and equal pay for work of equal value with regard to gender equality were identified as new material topics for the Group's own employees. Based on this,*

concepts are currently being developed for these sustainability topics and systems are being implemented to collect the relevant key figures. Reporting will take place for the first time in the Sustainability Declaration for the 2024 financial year on the basis of the European Union's Corporate Sustainability Reporting Directive (CSRD).

2) *CSR Guidelines Implementation Act*

As a result of the materiality analysis 2023, changes were made compared to the previous year's non-financial Group declaration.

These relate, on the one hand, to *data security*, i.e. the protection of internal company data from unauthorized access by third parties. In previous analyses, this aspect was regularly classified as a material sustainability aspect in the governance category. Although this assessment has not changed, the classification of data security as a sustainability topic no longer seems appropriate from today's perspective. Data security is comprehensively covered by Group risk management as part of the fundamental IT-related risks and is therefore presented in detail in Chapter *B.3.2.2 Operational risks – IT-related risks* in the opportunities and risks report of the combined management report. There is no redundant explanation in the non-financial Group declaration.

Data protection and *quality management* were also categorized as material sustainability topics in the governance category in previous analyses. In our view, the allocation of these topics to the area of sustainability is also no longer appropriate from today's perspective. Their significance in relation to other aspects is no longer above the materiality threshold, meaning that data protection and quality management are no longer reported on in the non-financial Group declaration.

B.5.1.5 Sustainability targets of the Bilfinger Group

In 2022, Bilfinger set clear targets in each of the three sustainability categories *Environment, Social* and *Governance*. These were pursued further in the reporting year and still remain valid. With our sustainability targets, we support the United Nations Sustainable Development Goals (SDGs) number *4 Quality education*, *7 Affordable and clean energy*, *8 Decent work and economic growth*, and *9 Industry, innovation and infrastructure*.

	Bilfinger sustainability targets	UN SDGs
E Environment	Become a leading partner for improving our customers' efficiency and sustainability	9 Industry, innovation and infrastructure
	Achieve climate-neutrality in terms of Scope 1 and 2 GHG* emissions by 2030 at the latest	7 Affordable and clean energy
	Collect data on Scope 3 GHG* emissions and support Science Based Targets initiative	
S Social	Avoid all occupational accidents wherever possible	8 Decent work and economic growth
	Invest at least 0.5% of Group revenue annually in employee training and development	4 Quality education
G Governance	Conduct at least 600 internal supplier audits annually to effectively meet the Group's due diligence obligations	8 Decent work and economic growth

* Greenhouse Gas Protocol

Environment

Becoming a leading partner for improving our customers' efficiency and sustainability

Bilfinger has set itself the target of becoming the leading partner for our customers when it comes to enhancing the efficiency and sustainability of their plants. Increasing awareness of climate change and the ensuing energy transition in many industrialized countries are generating substantial opportunities for Bilfinger to exert influence here. The energy, chemical & petrochemical, oil & gas as well as pharma & biopharma industries are the Bilfinger Group's largest customer groups. Given the socially and politically mandated energy transition and climate protection measures in all key stages of the value chain, they are all facing fundamental innovative leaps.

Achieve climate neutrality in terms of Scope 1 and 2 GHG emissions by 2030 at the latest

In the course of our daily work, we pay close attention to the careful use of valuable resources and address the urgent task of limiting climate change to the greatest extent possible. The focus in this regard is on efforts to reduce our own energy consumption, gradually substitute the use of fossil fuels with renewable or low-CO_2 energy sources and thus sustainably limit burdens on the atmosphere from harmful greenhouse gases.

In financial year 2023, further steps were taken in the segments of the Group to reduce their respective emissions and thus the emissions of the Group as a whole in accordance with the Greenhouse Gas Protocol (GHG) Scope 1 and Scope 2. A tool for recording and structuring reduction measures has been available to the segments since the beginning of 2024. The combination of various measures for the next few years includes a shift from purchased electricity to renewable sources, gradually replacing the passenger vehicle fleet with electric vehicles as well as installing photovoltaic systems and the implementation of energy efficiency initiatives at our sites.

In terms of GHG Protocol Scope 1 and 2 emissions caused by our operations, we have set a target of being climate neutral by 2030 at the latest. Most importantly, this includes a reduction in emissions. In the case of unavoidable emissions, compensation is also provided through the support of additional CO_2-reducing projects combined with the purchase of carbon credits.

Collect data on Scope 3 GHG emissions and support Science Based Targets initiative

In 2023, we recorded and reported emissions from all categories of the *upstream* value chain in accordance with GHG Protocol Scope 3 for the first time. Categories of the *downstream* value chain will follow in 2024.

We made our intention to set ourselves ambitious, science-based targets clear by registering with the Science Based Targets initiative in April 2023. By April 2025 at the latest, we intend to submit our targeted reduction path for GHG emissions to limit global warming to a maximum of 1.5 degrees Celsius to the SBTi for review.

Social

Avoid all occupational accidents wherever possible

The physical well-being of all our employees is our top priority. For this reason, occupational safety is a crucial factor in all our activities. It is our goal to be a leader in occupational safety in our industrial sector. Our *Zero is possible* aspiration serves as a guideline for continuously improving occupational safety in all areas and preventing as many occupational accidents as possible.

Invest at least 0.5 percent of Group revenue annually in employee training and development

In order to maintain and further strengthen the Group’s competitiveness, we will make targeted investments of at least 0.5 percent of Group revenue per year in the training and further education of Bilfinger employees in the future. From financial year 2024 onwards, we will allocate a quarter of the savings from the efficiency program implemented by the end of 2023 to this in addition to the previous expenses.

Governance

Conduct at least 600 internal supplier audits annually to effectively meet the Group’s due diligence obligations

Our *Statement of Principles on Human Rights* together with the Group’s *Code of Conduct* regulates the human rights-related principles that apply to all Bilfinger employees and suppliers. To effectively meet our due diligence obligations in the Group’s supply chain, we have set the target of conducting at least 600 internal supplier audits per year in accordance with defined standards. With a total of 1,167 audits, the target number was significantly exceeded in the reporting year.

B.5.1.6 Assessment of risks from own business operations

The identification and evaluation of risks that arise from the company's business operations and that affect the reportable aspects are the responsibility of risk management. The focus is on the question of which risks arise from our business activities and relationships or from our products and services that have an impact on these aspects. Significant risks that are very likely to have or will have serious negative impacts on them must be reported.

Our Group-wide risk management system is described in Chapter *B.3.1 Risk management* in the management report of the Annual Report. Group Accounting, Controlling & Tax is responsible for Bilfinger's Group-wide risk management system; the Group's sustainability risks for the 2023 financial year were determined as part of the materiality analysis in collaboration with the Strategy department. For the purposes of identification and assessment, the results with regard to the negative impact of business activities on the environment and society (impact materiality) were used as a basis. The likelihood of occurrence and the potential extent of damage were used to assess the risks. It was subject to the same calibration as in previous years and was conducted as part of the regular meeting of the Bilfinger Risk Committee (see Chapter *B.3.1 Risk management*).

Reportable risks on sustainability issues were not identified.

B.5.1.7 The Bilfinger Group's sustainability indicators

KEY FIGURES

	2023	2022
Environment		
Energy consumption		
Total energy consumption (MWh)[1]	200,031	220,838
Share of renewable energy sources in total energy consumption (%)	9	7
Share of non-renewable energy sources in total energy consumption (%)	90	92
Share of nuclear energy sources in total energy consumption (%)	1	1
CO_2e emissions in accordance with GHG Protocol[1,2]		
CO_2e emissions Scope 1 (tCO_2e)	32,594	35,643
CO_2e emissions Scope 2 location-based (tCO_2e)	10,370	16,548
CO_2e emissions Scope 2 market-based (tCO_2e)	12,723	14,047
Total CO_2e emissions Scope 1 and Scope 2 location-based (tCO_2e)	42,964	52,191
Total CO_2e emissions Scope 1 and Scope 2 market-based (tCO_2e)	45,317	49,690
CO_2e emissions Scope 3 upstream (tCO_2e)	795,085	n.a.
CO_2e emissions in accordance with GHG Protocol – intensity indicators[3]		
CO_2e intensity (location-based) in relation to total energy consumption (tCO_2e / MWh)	0.21	0.24
CO_2e intensity (location-based) in relation to revenue (tCO_2e / € million)	9.95	12.68
CO_2e intensity (location-based) in relation to number of employees (tCO_2e / FTE)	1.58	1.77
CO_2e intensity (market-based) in relation to total energy consumption (tCO_2e / MWh)	0.23	0.23
CO_2e intensity (market-based) in relation to revenue (tCO_2e / € million)	10.49	12.08
CO_2e intensity (market-based) in relation to number of employees (tCO_2e / FTE)	1.67	1.68
CO_2e intensity (Scope 3 upstream) in relation to revenue (tCO_2e / € million)	184.00	n.a.
CO_2e intensity (Scope 3 upstream) in relation to number of employees (tCO_2e / FTE)	29.28	n.a.
Waste volume and type[3]		
Amount of non-hazardous waste (kg)[4]	4,590,385	5,043,546
Amount of hazardous waste (kg)	185,287	185,240
Amount of wastewater (m^3)	173,564	108,283
Waste treatment method[3]		
Incineration (kg)	756,571	744,995
Recovery (kg)[5]	3,336,375	3,661,268
Landfill (kg)[6]	682,727	822,523
Wastewater discharge indirectly to municipal and industrial wastewater treatment plants (m^3)	172,767	107,721
Wastewater discharge directly to own treatment plant (m^3)	797	562
Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation		
Revenue, taxonomy-eligible share (%)	7	6
Capital expenditures (capex), taxonomy-eligible share (%)	43	44

1 Total energy consumption relates to energy use in Scope 1 and Scope 2. The calculation method is based on the GHG Protocol using the financial control approach. Scope 1, Scope 2 and Scope 3 emissions include the direct and indirect emissions of all fully consolidated companies. Companies that are in the process of being sold are excluded. This applies to the entire Other Operations reporting segment.

2 Emission factors used originate from the International Energy Agency (IEA). The emission factors published by the UK Department for Environment, Food & Rural Affairs (DEFRA) were also used. Contract-specific emission factors were used for the market-based calculation or data from the Association of Issuing Bodies (AIB) to determine the residual mix. CO_2 conversion factors for the issue-based calculations are taken from the Comprehensive Environmental Data Archive (CEDA) database.

3 Energy consumption, waste figures, revenue and number of full-time equivalents (FTE) excluding Other Operations.

4 At locations where the disposal of non-hazardous waste is included in the rent and no billing is available, no values were recorded in the system.

5 Waste treatment method recovery includes recycling and composting.

6 Quantities of non-hazardous waste for which the waste treatment method could not be clearly determined are assigned the highest CO_2e factor for the calculation of emissions. This is the CO_2e factor for waste deposited at a landfill.

KEY FIGURES

	2023	2022
Social		
Occupational safety		
Lost Time Injury Frequency (LTIF)[1]	0.26	0.26
Total Recordable Incident Frequency (TRIF)[2]	1.19	1.31
Fatalities[3]	0	1
Share of women		
Executive Board (%)	0	0
Management level 1 (%)	12	11
Management level 2 (%)	11	6
Governance		
Compliance		
Indications of compliance violations[4]	59	66
thereof indications of corruption and bribery	1	0
Investigations initiated	45	27
Disciplinary measures as a result of investigations	15	20
Persons trained in compliance issues		
E-learning module ‘Code of Conduct’[5]	11,781	4,549
E-learning module ‘Anti-corruption & bribery’[6]	11,767	9,081
E-learning module ‘Anti-corruption & bribery’	11,676	–
E-learning module ‘Code of Conduct’[7]	11,672	–
On-site training module ‘General Compliance Training’[7]	2,904	603
Human rights		
Indications of violations against respect for human rights[8]	22	17
Investigations initiated	17	9
Disciplinary measures as a result of investigations	8	4
Internal supplier audits	**1,167**	**n.a.**

1 LTIF: Lost Time Injury Frequency - number of work-related accidents of employees and temporary workers with at least one lost day per 1 million hours worked.

2 TRIF: Total Recordable Incident Frequency - number of all reportable accidents involving employees and temporary workers per 1 million hours worked.

3 Work-related accidents of employees and temporary workers resulting in death.

4 Reports classified as relevant in the period from January 1 to December 31 of any given year.

E-learnings 2023: for all new employees with a PC workstation and access to the Bilfinger network as well as for current employees with a PC workstation and access to the Bilfinger network.

5 2022: e-learning module 'Code of Conduct' for all new employees with a PC workstation and access to the Bilfinger network as well as for current employees with a PC workstation and access to the Bilfinger network whose work requires increased compliance awareness.

6 2022: e-learning module 'Anti-corruption & bribery' for all new employees with a PC workstation and access to the Bilfinger network as well as for current employees with a PC workstation and access to the Bilfinger network whose job does not require increased compliance awareness.

7 2022: for all employees who as new hires or as a result of a change in positions have taken up a job at Bilfinger that requires increased compliance awareness.

2023: for all employees whose work requires increased compliance awareness.

8 Reports classified as relevant in the period from January 1 to December 31 of any given year. The indications in 2022 relate to bullying, discrimination and sexual harassment.

B.5.2 Environment

This Chapter reports on the emissions generated and the associated energy use within our own value chain in the Chapters *B.5.2.1 Energy consumption* and *B.5.2.2 Emissions*.

The range of services to support the efficiency and sustainability at customer sites is presented in Chapter *B.5.2.3 Industrial services to enhance efficiency and sustainability*. This is in addition to Chapter *B.5.2.4 Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation*.

B.5.2.1 Energy consumption

We clearly commit to responsibility for society and the environment in our Mission Statement and in our Code of Conduct. We consume considerably less energy than manufacturing companies, but we have nevertheless set ourselves the task of making a contribution to a reduction in greenhouse gases.

Concept

In the Bilfinger Group, energy consumption data is collected at the level of the operating units. 36 Group companies with 143 locations are certified in accordance with the international environmental management standard DIN EN ISO 14001. That is how operational units have been meeting the requirements of their regional and local customers for many years.

We use a software-based, structured recording process to monitor energy consumption and calculate the associated greenhouse gas emissions. Internal reporting of energy consumption and emissions follows the method laid out in the *Greenhouse Gas Protocol (GHG Protocol)*. The energy consumption recorded here includes all fully consolidated properties in the Group with the exception of one unit in South Africa. Plans call for this unit to be sold and it is therefore allocated to the Other Operations segment. This segment accounted for 3.7 percent of Group revenue in the reporting year.

Energy

The majority of our energy requirements comes from our vehicle fleet and our properties. For the transport of work materials, including scaffolding, we use a fleet of commercial vehicles over 3.5 tons with most of these running on diesel fuel. More than half of the energy consumed by Bilfinger thus comes from fuel consumption from petrochemical products.

The properties that are included in the analysis comprise Bilfinger's owner-occupied properties as well as properties used under long-term leases.

We use energy from both renewable energy sources and non-renewable energy sources in the properties, including electricity, heating and cooling.

The consumption from other energy sources is determined for each source in a standardized base unit. The factors published by the UK Department for the Environment, Food & Rural Affairs (DEFRA) are used to calculate the heating value.

The energy is calculated using the following formula:

Indicators (base unit) x heating value (kWh/base unit) = energy (kWh)

In the case of non-calendar accounting on the part of utilities – for example if the annual statement was not yet available – data for 2023 were completed on the basis of the figures for the previous year. Alternatively, the last quarter was determined on the basis of previous quarters, for example in the area of heating energy from the first quarter due to similar weather conditions or from the third quarter for other consumption values. In the case of flat-rate rents, the Group's average consumption figure per square meter was used for the calculation.

ENERGY CONSUMPTION AND SHARE BY ENERGY SOURCE[1]

	2023	2022
Fuel consumption from coal and coal products (MWh)	0	0
Fuel consumption from crude oil and petroleum products (MWh)	114,515	125,083
Fuel consumption from natural gas (MWh)	16,912	20,810
Fuel consumption from other fossil sources (MWh)	403	312
Consumption of electricity, heat, industrial process heat, steam and cooling from fossil sources (MWh)	48,785	57,453
Total fossil energy consumption (MWh)	**180,614**	**204,908**
Share of fossil sources in total energy consumption (%)	90	92
Consumption from nuclear sources (MWh)	1,295	1,250
Share of consumption from nuclear sources in total energy consumption	1	1
Fuel consumption from renewable sources[2]	0	0
Consumption of electricity, heat, steam and cooling from renewable sources (MWh)	17,349	15,765
Consumption of self-generated non-fuel renewable energy (MWh)	773	166
Total renewable energy consumption (MWh)	**18,121**	**15,931**
Share of renewable sources in total energy consumption (%)	9	7
Total energy consumption (MWh)	**200,031**	**220,838**

1 Based on direct and indirect energy consumption classified as relevant for Scope 1 and Scope 2 in accordance with the GHG Protocol.
2 Including biomass (also comprising industrial and municipal waste of biologic origin, biogas, hydrogen from renewable sources, etc.)

The Group's total energy consumption fell in financial year 2023 by 9 percent to 200,031 MWh (previous year: 220,838 MWh). The change can largely be explained by the calculation method specified in anticipation of the CSRD reporting. While the calculation of the base unit to energy value in 2022 was carried out on the basis of the respective upper heating value, the CSRD provides for the use of the lower heating value. While the lower heating value represents only the energy that can be used as heat through combustion, the upper heating value also includes the heat generated from the combustion exhaust gases. This means that the lower heating value is below the upper heating value and varies depending on the energy source. This change has no impact on the factors that are already measured in MWh in the base unit, as is the case with electricity or district heating, for example.

The comparative application of the lower heating value to calculate the total energy consumption for the values of the 2022 financial year is 211,982 MWh. The reduction in total energy consumption on a comparable basis is therefore 6 percent. The effects of our efficiency efforts are visible in the consumption of purchased or received electricity, heat, industrial process waste heat, steam and cooling.

In the fossil energy part, consumption fell by 15 percent to 48,785 MWh (previous year: 57,453 MWh). In the area of renewable energies, consumption was up 10 percent to 17,349 MWh (previous year: 15,765 MWh). In addition, the consumption of self-generated renewable energy increased to 773 MWh (previous year: 166 MWh).

B.5.2.2 Emissions

In its sixth report, *Climate Change 2022*[1], the Intergovernmental Panel on Climate Change examined the effects of climate change and presented the impact of the man-made share. Global temperatures are expected to rise by 2 degrees Celsius. This poses a threat to the ecosystems of our planet, endangers the health of humans, animals and plants, and can mean that the world's growing population cannot be adequately supplied with food. Bilfinger therefore attaches particular importance to climate protection.

1 IPCC Sixth Assessment Report, Climate Change 2022: Impacts, Adaptation and Vulnerability

Scope 1 and Scope 2 emissions in accordance with GHG Protocol

The Bilfinger Group's greenhouse gas emissions are reported in metric tons in CO_2 equivalents (tCO_2e) in accordance with the method specified in the Greenhouse Gas Protocol. CO_2 equivalents are the unit of measurement for the uniform measurement of different greenhouse gases. In addition to the greenhouse gas carbon dioxide (CO_2), the effects of the greenhouse gases methane (CH_4) and nitrous oxide (N_2O) are also included. GHG emissions in Scope 1 amounted to 32,594 (previous year: 35,643) tCO_2e in the reporting year. For Scope 2, the data is reported in both calculation methods of the GHG Protocol. Emissions in Scope 2 *location-based* were 10,370 (previous year: 16,548) tCO_2e in 2023 and 12,723 tCO_2e when using the *market-based* calculation (previous year: 14,047 tCO_2e).

For the reporting, we established *organizational boundaries* in accordance with the Greenhouse Gas Protocol methodology. We have adopted the *financial control approach*. This means that reporting is based on the financial organization and considers all fully consolidated companies.

Direct greenhouse gas emissions originate from sources that are owned or financially controlled by the Bilfinger Group, i.e. relate to leases relevant to IFRS 16.

Scope 1 includes direct emissions from the burning of fuels for heating and cooling buildings, powering vehicles and machinery and volatilized gases that escape over time from refrigeration units. For Scope 1, this refers to:

- Burning of natural gas, oil and other materials for heating the properties
- Emissions of hydrofluorocarbons (HFCs) from the use of air-conditioning systems in the properties
- Combustion of diesel, gasoline and liquefied petroleum gas (LPG) in owned or IFRS 16-compliant leased vehicles and machinery

Scope 2 includes emissions from the use of electricity, steam, heating and cooling purchased by the company from utilities (indirect emissions). This relates to:

- Electricity consumption in properties, fleet and machinery
- Purchased district heating, steam and cooling

Emissions are calculated using the following formula:
Energy (kWh) x emission factor (kg CO_2e/kWh) = emissions (kg CO_2e)

We changed the database for emission factors for the financial year and now obtain them from the International Energy Agency (IEA) instead of database provider Ecoinvent. The reason for the switch is the clearer distinction between Scope 1 and Scope 2 to Scope 3 emissions, which are derived from the IEA data. It was determined that Ecoinvent has already partially processed Scope 3 effects in the emission factors. In both databases, the basis for the calculation is the methodology developed by the *Intergovernmental Panel on Climate Change (IPCC) 2013-climate change-GWP 100a-(kg CO_2-Eq) per 1 unit of reference product*.

Scope 2 *location-based* emissions are calculated using the following formula:

Energy (kWh) x emission factor country average (kg CO_2e/kWh) =
location-based emissions (kg CO_2e)

In the *market-based* method, the emission factor of contractually regulated instruments is taken into account; otherwise, the residual mix factor is used:

Energy (kWh) x contract-specific emission factor or residual mix factor (kg CO_2e/kWh) =
market-based emissions (kg CO_2e)

In our business activities, we often work at client sites and also rent properties from site management companies. In this constellation, we often pay gross rents that include supplementary costs, which makes it difficult or impossible to obtain individual consumption statements. The contract-specific emission factors are, however, decisive for our reporting in the market-based variant. If proof of the factors is not available, the GHG Protocol requires use of the residual factor, which is often higher than the average factor used in the location-based calculation method.

Scope 1 emissions amounted to 32,594 tCO_2e in the financial year (previous year: 35,643 tCO_2e) and were therefore 9 percent lower than in the previous year. When calculated using the IEA emission factors on a comparable basis, the Scope 1 value for 2022 is 33,856 tCO_2e. The reduction in Scope 1 without the influence of the emission factor conversion is therefore 4 percent.

Location-based emissions were 10,370 tCO_2e in the financial year (previous year: 16,548 tCO_2e). This corresponds to a reduction of 37 percent. On a comparable basis, the location-based Scope 2 value for 2022 is 10,385 tCO_2e. This corresponds to a reduction of 0.1 percent.

In the market-based calculation, Scope 2 emissions amounted to 12,723 (previous year: 14,047) tCO_2e and were thus 9 percent below the previous year's figure. On a comparable basis, the market-based Scope 2 value for 2022 is 15,034 tCO2e. This corresponds to a reduction of 15 percent.

Scope 3 in the upstream value chain – in accordance with the GHG Protocol

The extent and quality of data collection for calculating emissions is a prerequisite for measuring the degree to which our climate-related targets have been achieved and for managing the corresponding levers in emission reduction initiatives. To gain a better understanding of emissions in our value chain, we have developed a concept for a step-by-step reporting approach. In 2022, the waste category was reported as the first Scope 3-relevant emission source in Bilfinger's upstream value chain. In line with our concept, all other upstream categories were added in the 2023 financial year. Plans call for the downstream value chain categories to be added in 2024.

In the 2023 financial year, the spend-based calculation method is primarily used to determine emissions from the upstream Scope 3 categories. Data from accounting and financial systems are used for this purpose.

Country-specific as well as industry-specific CO_2 factors are necessary for the calculation of emissions. We make use of the *CEDA (Comprehensive Environmental Data Archive)* database for this purpose.

For entities that use accounting systems other than the company's primary accounting system, emissions are calculated by extrapolation. The *CEDA* categories used in the primary accounting system are used to calculate an average emission factor. The different country allocations are taken into account.

Purchased goods and services

GHG emissions associated with the production and transportation process of purchased goods and services are calculated on the basis of spend in this category. It includes spend to external suppliers for the provision of goods and services purchased in the course of Bilfinger's business activities. This includes portions of the cost of sales, for example in the form of cost of materials including expenditures for subcontractors, employee training or other external services, as well as expenses for current assets such as inventories in the form of protective clothing and tools or stockpiling for the use of materials at customer sites. The material and service categories are based on the same account logic used for accounting purposes.

Capital goods

The capital goods category comprises non-current assets that are capitalized in the balance sheet at the time they are available for use by the Group. In order to avoid double counting over the years and to be able to carry out the calculation without overlaps with the *purchased goods and services* category, the production and transportation emissions for these goods are included in the carbon footprint once in the year of acquisition.

Fuel and energy-related activities (not included in Scope 1 or Scope 2)

This category includes the indirect greenhouse gas emissions caused by the production and transportation processes of the energy and fuels used in Scope 1 and 2. Consumption recorded in Scope 1 and 2 is determined using additional CO_2 conversion factors used for the calculation. The sources for these factors are the DEFRA database and the IEA database. The emissions reported in this category are the WTT (well-to-tank) emissions. For electricity and district heating, where transmission and distribution losses occur in the energy grids, the associated T&D (transmission and distribution) emissions are also added. The calculation is based on country-specific factors that take into account the energy mix and the infrastructure of the energy grids in each country. Not included are the WTT-T&D emissions, which are the emissions generated in the upstream chain of the lost energy quantities.

Upstream transportation and distribution

Emissions in the upstream transportation and distribution category represent the indirect greenhouse gas emissions generated by suppliers through the transportation and delivery of raw materials, materials and products to Bilfinger. Emissions caused by commissioned forwarding services are also added to this category. This also includes deliveries to customers commissioned by Bilfinger. The volume of emissions is determined on the basis of expenditure.

Waste generation in operations

This category includes indirect greenhouse gas emissions resulting from the treatment and disposal of waste generated during Bilfinger's business activities. Following the calculation logic of the GHG Protocol, the waste type and quantity as well as the waste treatment method are required to determine the emissions from waste generated, because the emission factors vary accordingly. The data collection method is similar to the data collection for Scopes 1 and 2. The respective volumes and treatment methods from the operating areas are subjected to a software-based documentation. At locations where the disposal of non-hazardous waste is included in the rent and no billing is available, no values were recorded in the system.

WASTE AMOUNT AND TYPE

	2023	2022
Amount of non-hazardous waste (kg)	4,590,385	5,043,546
Amount of hazardous waste (kg)	185,287	185,240
Amount of wastewater (m^3)	173,564	108,283

WASTE TREATMENT METHOD

	2023	2022
Incineration (kg)	756,571	744,995
Recovery (kg)[1]	3,336,375	3,661,268
Waste treatment method unspecific or landfill (kg)[2]	682,727	822,523
Wastewater discharge indirectly to municipal and industrial wastewater treatment plants (m^3)	172,767	107,721
Wastewater discharge directly to own treatment plant (m^3)	797	562

1 The waste treatment method recovery includes recycling and composting.
2 Quantities of non-hazardous waste for which the waste treatment method could not be clearly determined are assigned the highest CO_2e factor for the calculation of emissions. This is the CO_2e factor for landfill.

Business traveling

The business traveling category includes indirect greenhouse gas emissions caused by the mobility of employees in the course of their work activities. This includes business travel undertaken by employees using various means of transportation including air travel, rail travel and car travel as well as overnight stays in hotels. The calculation method is spend-based. This includes expenses to travel agencies, airlines, car-rental companies and hotels on the one hand, and reimbursements to employees as part of travel expense reports on the other.

Employee commuting

The employee commuting category includes indirect greenhouse gas emissions caused by regular commuting from the employees' place of residence to their primary place of work. The average data method is used for the calculation. The average values are based on benchmark studies. The average emission values for this Scope 3 category in the service sector were determined by an external consulting firm on the basis of the data reported as part of the 2021 CDP rating. The factor calculated in this way is 2.78 tCO_2e per full-time equivalent (FTE). It is used for current reporting and multiplied by the number of employees, measured in FTE, at Bilfinger excluding the Other Operations segment.

Upstream leased assets

Indirect emissions from the use of rented or short-term leased buildings, machinery or vehicles that are not owned by Bilfinger are reported in the upstream leased assets category. Because the emissions from use of all IFRS 16-compliant leased assets are already included in Scope 1 and 2, this category is based on the spend-based calculations for short-term and low-value leases.

Total emissions in accordance with GHG Protocol

An overview of the total emissions by Scope is shown in the following table.

CO_2 EMISSIONS IN ACCORDANCE WITH THE GHG PROTOCOL[1]

	2023	2022
CO_2e emissions Scope 1 (tCO_2e)[2]	**32,594**	35,643
CO_2e emissions Scope 2 location-based (tCO_2e)[2]	**10,370**	16,548
CO_2e emissions Scope 2 market-based (tCO_2e)[2]	**12,723**	14,047
Total CO_2e emissions Scope 1 and Scope 2 location-based (tCO_2e)	42,964	52,191
Total CO_2e emissions Scope 1 and Scope 2 market-based (tCO_2e)	45,317	49,690
CO_2e emissions Scope 3 upstream (tCO_2e)[2]	**795,085**	n/a
Purchased goods and services (tCO_2e)	631,641	n/a
Capital goods (tCO_2e)	28,682	n/a
Fuel and energy-related activities (not included in Scope 1 or Scope 2) (tCO_2e)	12,554	n/a
Upstream transportation and distribution (tCO_2e)	8,682	n/a
Waste generated in operations (tCO_2e)	660	675
Business traveling (tCO_2e)	17,994	n/a
Employee commuting (tCO_2e)	75,488	n/a
Upstream leased assets (tCO_2e) (excluding IFRS-16 relevant contracts)	19,384	n/a

1 The calculation method is based on the GHG Protocol using the financial control approach. Scopes 1, 2 and 3 include direct and indirect emissions from all fully consolidated companies. Companies that are in the process of being sold are excluded. This applies to the complete reporting segment Other Operations.

2 The emission factors used are from the International Energy Agency (IEA). Emission factors published by the UK Department for Environment, Food & Rural Affairs (DEFRA) were also used. Data from the Association of Issuing Bodies (AIB) was used to determine the residual mix for the market-based calculation. The CO_2 conversion factors for the spend-based calculations come from the Comprehensive Environmental Data Archive (CEDA) database.

We also present intensity indicators for both our direct and indirect emissions in order to make the development transparent irrespective of the company's growth. The CO_2 equivalents from Scope 1 and Scope 2 are set in relation to energy consumption, Group revenue and the number of employees. We also report the intensity indicators for Scope 3 emissions in the upstream value chain in relation to revenue and the number of employees. When calculating intensity, the number of employees is measured as full-time equivalents (FTE).

CO_2 EMISSIONS IN ACCORDANCE WITH THE GHG PROTOCOL – INTENSITY INDICATORS[1]

	2023	2022
CO_2e intensity Scope 1 and 2 (location-based) in relation to total energy consumption (tCO_2e / MWh)	0.21	0.24
CO_2e intensity Scope 1 and 2 (location-based) in relation to revenue (tCO_2e / € million)	9.95	12.68
CO_2e intensity Scope 1 and 2 (location-based) in relation to the number of employees (tCO_2e / FTEs)	1.58	1.77
CO_2e intensity Scope 1 and 2 (market-based) in relation to total energy consumption (tCO_2e / MWh)	0.23	0.23
CO_2e intensity Scope 1 and 2 (market-based) in relation to revenue (tCO_2e / € million)	10.49	12.08
CO_2e intensity Scope 1 and 2 (market-based) in relation to the number of employees (tCO_2e / FTEs)	1.67	1.68
CO_2e intensity Scope 3 (upstream) in relation to revenue (tCO_2e / € million)	184	n.a.
CO_2e intensity Scope 3 (upstream) in relation to the number of employees (tCO_2e / FTEs)	29.28	n.a.

1 Energy consumption, revenue, and FTEs do not include the Other Operations reporting segment.

Reduction of GHG emissions and Science Based Targets Initiative

In April 2023, we made clear our intention to set ambitious, science-based targets by registering with the Science Based Targets initiative (SBTi).

We have set the goal of reducing our GHG emissions by the end of the 2050 financial year and are targeting the SBTi-compliant reduction pathway for GHG emissions to limit global warming to a maximum of 1.5 degrees Celsius.

There are no industry-specific requirements for Bilfinger's business activities at SBTi. The average target horizons therefore apply.

We have already defined a compliant target for our Scope 1 and Scope 2 emissions. Our goal is to reduce GHG emissions in Scope 1 and 2 by 50 percent by the end of the 2030 financial year compared to the base year 2021. This reduction does not include carbon credits or the purchase of climate certificates.

To ensure the uniform assessment and management of the implementation of the segment-specific concepts, we have established an internal process that can be used to record and assess our reduction measures, including their impact on operating cost structures and investment requirements. This process will be rolled out throughout the Group in all segments in 2024 and is an important basis for achieving our GHG reduction targets.

Our goal is to submit our targets to the SBTi for review by April 2025 at the latest. Before this is possible, the emissions of the entire value chain must be determined. Indirect emissions from the upstream value chain were determined in the reporting year.

B.5.2.3 Industrial services to enhance efficiency and sustainability

For Bilfinger as a service provider, customers are the focus of business activities. The relationship with our customers and their satisfaction with the work that we do are of utmost importance for our business development. We are integrated into their value chain as a strategic partner.

Concept

Increasing awareness of climate change and the ensuing energy transition in many industrialized countries are opening up attractive market opportunities in Europe, North America and the Middle East for Bilfinger as a leading industrial services provider. This is all the more true given that a major share of our customers are active in energy-intensive industries. The energy, chemical & petrochemical, pharma & biopharma and oil & gas industries are the Bilfinger Group's largest customer groups. Given the measures required for the energy transition and climate protection, some of these industries are currently undergoing fundamental innovation processes in all key stages of the value chain. Our customers have the immediate task of enhancing their plants, securing their future energy supply and significantly reducing their carbon footprint in the process.

Our target is to be the leading partner for our customers when it comes to enhancing the efficiency and sustainability of their plants. This vision forms the basis of our business model and is at the core of our Group's strategic direction.

With our portfolio of services, we are addressing the imminent decarbonization of energy-intensive production, transport and processing operations and increasing energy efficiency at all stages of the customer value chain. Low-carbon energy generation and the reduction of energy consumption and emissions are key here.

Our Group portfolio brings together services that contribute to increased efficiency and sustainability in various customer segments. They deviate from the specifications of environmentally sustainable activities as defined by *(EU) 2020/852 EU Taxonomy Regulation,* which is explained elsewhere.

Revenue from industrial services to enhance efficiency and sustainability

A detailed analysis of customer contracts by plant type and trade forms the basis for determining the revenue from increasing the efficiency and sustainability of our customers.

REVENUE FROM INDUSTRIAL SERVICES TO ENHANCE EFFICIENCY AND SUSTAINABILITY

€ million	2023	2022
Nuclear energy	157.6	147.4
Battery production	86.2	68.4
District heating and waste heat	73.1	75.8
Hydroelectric power	50.7	39.7
Waste recycling and wastewater treatment	24.0	27.5
Hydrogen	5.5	22.0
Carbon capture and storage	0.7	1.0
Other	80.1	63.6
Category A	**478.0**	**445.4**
Energy efficiency	261.1	267.6
Category B	**261.1**	**267.6**
Total categories A + B	**739.1**	**713.0**
Category C	**3,386.8**	n/a
Category D	**359.7**	n/a
Total revenue	**4,485.6**	4,312.0

We believe that revenue from our customers' investments in plants directly related to the energy transition and our ongoing activities in these plants make the greatest contribution to the energy transition and are therefore assigned to category A. This takes into account the majority of the trades that are carried out as part of the respective order. Revenue in category A increased to a total of €478.0 million (previous year: €445.4 million).

Category B includes activities for the maintenance and modernization of plants not included in A with the objective of more energy-efficient plant use with the same or higher capacity utilization. These generated revenue of €261.1 million in 2023 (previous year: €267.6 million). The largest share in this context is accounted for by optimizing the temperature insulation of industrial plants.

Overall, revenue in categories A and B increased in the reporting year to €739.1 million (previous year: €713.0 million). The share of these activities in total Group revenue is expected to increase further in the future.

In addition, Bilfinger provides extensive services in category C to support the activities in categories A and B. These include, for example, services in industrial scaffolding, which serve as a prerequisite for the installation of insulation in plant types that do not fall under category A. Engineering, maintenance or the installation of electrical, instrumentation and control technology (E, I&C) to increase the efficiency of plants outside category A are also taken into account here. Revenue in category C amounted to €3,386.8 million in the reporting year.

In addition, activities in coal-fired power plants and oil-fired power plants are assigned to category D. There is also revenue from employee leasing that was not included in category A. These activities generated revenue totaling €359.7 million in the reporting year. This category was surveyed in this detail for the first time in the reporting year, so there is no figure for the previous year.

In the medium term, our activities will increasingly be carried out in areas that have a more direct impact on customer efficiency and sustainability and can then be assigned to categories A and B.

5.2.4 Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation

Article 8 EU Taxonomy Regulation

The EU Taxonomy Regulation is a key component of the European Commission's action plan to direct capital flows to sustainable economic activities. It represents an important step toward achieving climate neutrality for Europe by 2050. In this context, the EU Taxonomy serves as a classification system for environmentally sustainable economic activities.

In the following, we present the shares of revenue, capital expenditure (capex) and operating expenses (opex) of Bilfinger for the 2023 reporting period that are associated with taxonomy-eligible and taxonomy-aligned economic activities.

A taxonomy-eligible economic activity is an economic activity that is described in the climate or environmental Delegated Acts supplementing the EU Taxonomy Regulation, regardless of whether this economic activity meets the technical screening criteria specified in these Delegated Acts. A taxonomy-non-eligible economic activity is any economic activity that is not described in the Delegated Acts that supplement the EU Taxonomy Regulation.

Taxonomy-eligible economic activities can relate to all six defined environmental objectives. Pursuant to Article 5 of the Delegated Act amending Delegated Regulation (EU) 2021/2178, potential taxonomy alignment was only assessed for those taxonomy-eligible economic activities that contribute to one of the two climate-related environmental objectives and which were already to be reported on for the 2022 financial year. According to Article 1 of the Delegated Act on Article 8 of the EU Taxonomy Regulation, an economic activity is taxonomy-aligned if the criteria set out in Article 3 of the EU Taxonomy Regulation are met:

- It makes a significant contribution to at least one of the six defined environmental objectives.
- It does not lead to significant harm to one or more of the six environmental objectives.
- The executing company complies with the so-called minimum safeguards.

Accounting and calculation of the key figures

The key figures presented in accordance with the Delegated Act on Article 8 of the EU Taxonomy Regulation are based on the consolidated financial statements of Bilfinger SE in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB).

The determination of the key figures in accordance with the EU Taxonomy Regulation is carried out using an allocation of the customer's plant type and the activities performed by Bilfinger to the customer contracts. Contracts were subsequently classified in accordance with their economic activity and compared with those in the Delegated Acts on climate-related objectives and other environmental objectives. The classification of economic activities was based in particular on the description of activities in the relevant Delegated Acts. For those taxonomy-eligible activities for which a review of taxonomy alignment was to be conducted in the reporting year, an assessment was made of the criteria for substantial contribution to an environmental objective and for no significant harm to the other environmental objectives.

Compliance with the minimum safeguards

In accordance with Article 3(c) of the EU Taxonomy Regulation, an economic activity can only be classified as sustainable if the company performing the activity implements procedures that ensure compliance with the minimum safeguards laid out in Article 18(1) of the EU Taxonomy Regulation. This specifically involves compliance with the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, including the principles and rights from the eight fundamental conventions laid out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and from the International Bill of Human Rights.

With the reference in Article 18 of the EU Taxonomy Regulation to the UN Guiding Principles on Business and Human Rights (UNGP), a six-step process *(Guide Steps)* must be implemented, the so-called *Process of Human Rights Due Diligence (HRDD)*. Bilfinger expresses its clear commitment to upholding human rights in accordance with *Guide Step 1* pursuant to Article 18 of the EU Taxonomy Regulation in the *Declaration of Principles on Respect for Human Rights*. It regulates the human rights-related principles applicable to all employees and suppliers at Bilfinger and defines the human rights-related and environmental expectations of the Group's employees and suppliers. The declaration of principles also describes the human rights and environmental risks that are a priority for the company and the procedures Bilfinger uses to fulfill its obligations under the German Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains (Supply Chain Due Diligence Act – LkSG). The comprehensive concept for implementing the due diligence obligations under the LkSG is presented in Chapter *B.5.4.3 Human rights, employee rights and sustainable supply chain*.

Bilfinger meets *Guide Step 2* through annually recurring and event-driven risk analyses as part of the company's risk management to comply with the due diligence obligations under Section 4 LkSG. In the course of risk analyses, human rights and environmental risks are identified in the company's own business area and at its direct suppliers. The aim is to gain knowledge of the human rights and environmental risks in the company's own business areas and in the supply chain and to prioritize them for further processing. Specifically, this means identifying, preventing, minimizing or eliminating human rights risks or environmental risks or violations. Secondly, the results of the risk analysis are of central importance to the fundamental strategic and operational direction and the practical implementation of risk management and the individual due diligence processes. If risks or even human rights or environmental violations are identified, Bilfinger defines appropriate remedial measures and implements *Guide Step 3*. Compliance together with other Corporate Functions such as Corporate Internal Audit monitors the implementation of mitigating measures (see *Guide Step 4*). With regard to internal and external communication of the human rights due diligence process as defined in *Guide Step 5*, we are obligated under the German Supply Chain Due Diligence Act to publish the Statement ofpPrinciples on human rights. This obligation has been in place since January 1, 2023. With the help of the so-called *Confidential Reporting Line*, Bilfinger's whistleblower system, employees as well as third parties can anonymously report information on possible compliance violations *(Guide Step 6)*.

Counteracting corruption and bribery is a central component of our compliance management system. The comprehensive concept is presented in Chapter *B.5.4.2 Counteracting bribery and corruption*.

Bilfinger is committed to fair competition. For performance-oriented companies like ours, distortions of competition have only detrimental effects. Our clients choose us because of the high quality of our products and services and because we offer them at competitive prices. It is therefore imperative for Bilfinger and its employees to comply with all applicable provisions of competition law and other related regulations and to understand the mechanisms of competition law as a legal framework for conducting our business on a daily basis. With our Group Policy on Competition, we pursue the goal of achieving and maintaining vigorous competition in a free market environment for the entire Bilfinger Group through the establishment of a corresponding corporate culture. The Group Policy as well as more specific guidelines provide our employees with assistance when it comes to preventing, detecting and remedying any infringements of competition law. Annual risk analyses and continuous training courses that address all risks relating to competition law in our business activities are of particular importance in our compliance management system to ensure fair competition. These courses are recurring and mandatory for the relevant groups of employees.

Bilfinger sees its role as a participant in the global economic system not only as an opportunity, but also as an obligation to comply with ethical principles. Bilfinger therefore operates in a global context as a responsible taxpayer. Compliance with all laws, regulations as well as reporting and disclosure rules in all relevant jurisdictions is an absolute top priority for Bilfinger and its employees. In this context, tax governance and tax compliance are key elements of corporate management and supervision. Any infringement is strictly forbidden. An integral part of Bilfinger's tax strategy are tax risk management and tax compliance management. Bilfinger monitors and governs its main tax risks through the application of suitable measures (for example, risk management, tax management, implementation of a tax compliance management system). In 2023, neither companies of the Bilfinger Group nor individual employees were convicted of violating human rights, anti-corruption laws, competition or tax law in the course of their work at Bilfinger.

Bilfinger also deals with the topics of board gender diversity and the gender pay gap. The concept as well as current key figures and targets set for board gender diversity are presented in Chapter *A.4.1 Declaration of corporate governance and corporate governance report*. Equal pay for work of equal value with regard to gender equality is analyzed within the framework of the so-called gender pay gap. Corresponding reporting is planned for the future.

Taxonomy-eligible and taxonomy-aligned revenue

Total revenue of €4,485.6 million (previous year: €4,312.0 million) corresponds to the revenue in the consolidated income statement. Total revenue from taxonomy-eligible economic activities in the reporting year amounted to €313.2 million (previous year: €267.1 million). This corresponds to a share of total revenue of 7 percent (previous year: 6 percent). Revenue from taxonomy-eligible economic activities is the external revenue generated in the reporting year that belongs to customer contracts classified as taxonomy-eligible. In the reporting year, economic activities are identified as taxonomy-eligible under the environmental objectives of climate change mitigation (CCM), sustainable use and protection of water and marine resources (WTR) and transition to a circular economy (CE). There is no allocation to the environmental objective of climate change adaptation (CCA), because the scope of application for this environmental objective is very limited and, in the case of revenue, is primarily restricted to enabling activities.

Revenue from taxonomy-aligned economic activities in the reporting year amounted to €0 million (previous year: €0 million). The share of revenue from taxonomy-aligned activities amounted to 0 percent (previous year: 0 percent) of Group revenue and 0 percent (previous year: 0 percent) of revenue from taxonomy-eligible activities.

The economic activities of the Bilfinger Group as an industrial services provider in the process industry can only be allocated to the economic activities mentioned in the Delegated Acts on a smaller scale and designated as taxonomy-eligible. Bilfinger’s main taxonomy-eligible economic activities are described below.

PROPORTION OF REVENUE FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2023

	2023			Substantial contribution criteria						DNSH criteria 'Do No Significant Harm'									
Economic activities (1)	Code (2)	Absolute revenue (3)	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**–**	**0.0**	**0.0**	**0.0**	**0.0**	0.0	0.0	0.0	0.0	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		
Of which Enabling		**0.0**	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	0.0	E	
Of which Transitional		**0.0**	**0.0**	0.0						Y	Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Manufacture of renewable energy technologies	CCM 3.1	3.8	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Manufacture of other low-carbon technologies	CCM 3.6	0.4	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Electricity generation from hydropower	CCM 4.5	36.6	0.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.7		
Transmission and distribution of electricity	CCM 4.9	0.7	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Storage of electricity	CCM 4.10	0.1	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Storage of hydrogen	CCM 4.12	1.4	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	0.4	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
District heating / cooling distribution	CCM 4.15	11.3	0.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8		
Installation and operation of electric heat pumps	CCM 4.16	0.2	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Production of heat/cool using waste heat	CCM 4.25	5.5	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Construction and safe operation of new nuclear power plants for the generation of electricity or heat, including for hydrogen production, using best available technologies	CCM 4.27	87.3	1.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.7		
Electricity generation from fossil gaseous fuels	CCM 4.29	0.2	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	7.7	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31	0.1	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1, WTR 2.1	0.8	0.0	EL	N/EL	EL	N/EL	N/EL	N/EL								0.0		
Construction, extension and operation of waste water collection and treatment systems	CCM 5.3, WTR 2.2	0.0	0.0	EL	N/EL	EL	N/EL	N/EL	N/EL								0.0		
Transport of CO_2	CCM 5.11	0.4	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Infrastructure for personal mobility, cycle logistics	CCM 6.13	0.5	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Infrastructure for rail transport	CCM 6.14	18.4	0.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5		
Construction of new buildings	CCM 7.1, CE 3.1	29.2	0.7	EL	N/EL	N/EL	N/EL	EL	N/EL								0.3		
Renovation of existing buildings	CCM 7.2, CE 3.2	64.8	1.4	EL	N/EL	N/EL	N/EL	EL	N/EL								1.3		
Installation, maintenance and repair of energy-efficiency equipment	CCM 7.3	35.6	0.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4		
Professional services related to energy performance of buildings	CCM 9.3	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Maintenance of roads and motorways	CE 3.4	0.1	0.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0		
Use of concrete in civil engineering	CE 3.5	7.6	0.2	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0		
Revenue of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**313.2**	**7.0**	6.8	0.0	0.0	0.0	0.2	0.0								6.2		
A. Revenue of taxonomy-eligible activities (A.1 + A.2)		**313.2**	**7.0**	6.8	0.0	0.0	0.0	0.2	0.0								6.2		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenue of Taxonomy-non-eligible activities (B)		**4,172**	**93.0**																
Total		**4,486**	**100**																

PROPORTION OF REVENUE / TOTAL REVENUE in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0	6.8
CCA	0.0	0.0
WTR	-	0.0
CE	-	2.3
PPC	-	0.0
BIO	-	0.0

CCM 4.5 Electricity generation from hydropower: construction or operation of electricity generation facilities that produce electricity from hydropower

In the reporting year, Bilfinger generated taxonomy-eligible revenue of €37 million (prior year: €31 million) or 1 percent (previous year: 1 percent) of Group revenue from the construction of power plants that produce electricity from hydropower. This mainly involves special piping in hydropower plants in the Engineering & Maintenance Europe segment, especially in Germany, Austria and Switzerland. Of the taxonomy-eligible revenue in this area, none can be classified as taxonomy-aligned, among other things because they are not run-of-river power plants without artificial reservoirs, which could qualify as taxonomy-aligned with regard to the substantial contribution to climate change mitigation.

CCM 4.15 District heating / cooling distribution

In the reporting year, Bilfinger generated €11 million (previous year: €37 million) or 0.3 percent (previous year: 1 percent) of taxonomy-eligible revenue in the area of district heating and cooling distribution, particularly with piping. This activity was carried out primarily in the Engineering & Maintenance Europe segment with a focus on Germany, Austria and Switzerland. The taxonomy-eligible revenue could not be reported as taxonomy-aligned because, among other things, evidence of climate risk and vulnerability assessments of the district heating system carried out by Bilfinger as the company commissioned for individual tasks could not be provided.

CCM 4.27 Construction and safe operation of new nuclear power plants for the generation of electricity or heat

In the reporting year, Bilfinger was involved in the construction of a number of new nuclear power plants in Europe, in particular Hinkley Point C and Sizewell C in the United Kingdom as well as Olkiluoto-3 in Finland. In the year under review, taxonomy-eligible revenue generated from these activities amounted to €87 million (previous year: €74 million) or 2 percent (previous year: 2 percent) of total revenue. The description of Activity 4.27 includes the criterion that the construction permit for the new nuclear power plant in question is granted by the competent authorities of an EU member state. Since the building permits for the Hinkley Point C and Sizewell C power plants were granted before the UK left the European Union, this description applies to both the UK and Finnish nuclear power plant builds. For new nuclear power plant construction in the UK, however, the substantial contribution to climate change mitigation and adaptation cannot be met, because the criteria in question require that the power plant be located in an EU member state. Accordingly, activities in the construction of a new nuclear power plant in the UK cannot be taxonomy-aligned.

CCM 6.14 Infrastructure for rail transport

In the 2023 reporting year, Bilfinger generated €18 million (previous year: €21 million) or 0.4 percent (previous year: 0.5 percent) of Group revenue from the construction of infrastructure for rail transport. The majority of this revenue was generated in the USA, in particular through the barrier-free conversion of platforms and stations. Both the criteria relating to the substantial contribution to climate change mitigation and the criteria for causing no significant harm to other environmental objectives contain references to European regulations, the comparability of which with U.S. guidelines has not been sufficiently clarified for the reporting year.

CCM 7.1 Construction of new buildings

Taxonomy-eligible activities in the construction of new buildings were mainly performed in the Engineering & Maintenance International segment in the USA in the reporting year. In 2023, €29 million (previous year: €12 million) in taxonomy-eligible revenue, or 0.7 percent (previous year: 0.3 percent) of Group revenue, was generated from the construction of new buildings. This revenue was not recognized as taxonomy-aligned. The relevant criteria for taxonomy-eligible activities in the construction of new buildings include numerous references to European directives, the comparability of which with corresponding U.S. regulations has not been sufficiently clarified for the reporting year.

CCM 7.2 Renovation of existing buildings

In the reporting year, Bilfinger generated €65 million (previous year: €55 million), or 1 percent (previous year: 1 percent) of Group revenue, from building renovations, in particular in the Engineering & Maintenance International segment in the USA. Both the criteria relating to the substantial contribution to climate-related objectives and the criteria for causing no significant harm to the other environmental objectives of the EU Taxonomy Regulation refer to various European directives. Compatibility with the corresponding U.S. regulations has not been sufficiently clarified for the 2023 reporting year. As a result, the taxonomy-eligible revenue from the renovation of buildings could not be reported as taxonomy-aligned.

CCM 7.3 Installation, maintenance and repair of energy-efficiency equipment

In the reporting year, Bilfinger was active in the installation, maintenance and repair of energy-efficiency equipment in the amount of €36 million (previous year: €18 million) in taxonomy-eligible revenue, or 1 percent (previous year: 0.4 percent) of Group revenue. This work included insulation work on buildings as well as the installation, maintenance and repair of heating, ventilation and air conditioning systems and equipment for district heating services. Most of this taxonomy-eligible revenue was generated in the E&M International reporting segment in the USA and the Middle East and to a lesser extent in the E&M Europe segment. Due to the non-comparability of the EU regulations mentioned in the criteria for substantial contribution to climate change mitigation and the standards applicable in North America and the Middle East, these revenues could not be reported as taxonomy-aligned.

Taxonomy-eligible and taxonomy-aligned capital expenditures (capex)

Capital expenditures (capex) in the context of EU Taxonomy reporting are defined in Annex I of the Delegated Act to Article 8 of the EU Taxonomy Regulation. The total amount of capital expenditure (capex) represents the denominator and comprises investments in property, plant and equipment (see Chapter *C.6.16 Property, plant and equipment*) and intangible assets (see Chapter *C.6.15 Intangible assets*), as well as capitalization of right-of-use assets from leases (see Chapter *C.6.17 Leases*), and amounts to €103 million in the reporting year (previous year: €103 million). The numerator of the taxonomy-eligible capex was partly determined using distribution keys. Investments in assets or processes related to Bilfinger's taxonomy-eligible economic activities were calculated as follows: Those capital expenditures originating from taxonomy-eligible activities were deducted from the total capex. In the reporting year, investments in land and buildings (activity CCM 7.1, CE 3.1), solar installations (activity CCM 4.1), vehicles (activity CCM 3.3) and electric charging points (activity CCM 6.15) amounting to €40 million (previous year: €41 million) were deducted. The remaining capex was allocated to the corresponding activities to determine taxonomy eligibility using revenue-related keys. Capex for taxonomy-eligible business activities amounted to €4 million in the reporting year (previous year: €4 million). Capex plans for the expansion of taxonomy-aligned activities or for the conversion of taxonomy-eligible activities into taxonomy-aligned activities were not made in the reporting year. The total of both components constitutes the taxonomy-eligible capex of €44 million (previous year: €45 million), or 43 percent (previous year: 44 percent) of total capital expenditures of €103 million (previous year: €103 million).

The amount of taxonomy-aligned capital expenditures was determined as follows in the reporting year: The total capex after deduction of capital expenditures in production from taxonomy-eligible activities amounting to €63 million (previous year: €62 million) was multiplied by the taxonomy-aligned share of revenue of 0 percent. This results in a taxonomy-aligned capex of €0 million, or 0 percent of the total capex of €103 million (previous year: €103 million). Investments in production from taxonomy-aligned economic activities require verification that the goods in question were produced in accordance with the EU Taxonomy. For this purpose, Bilfinger relies on information from suppliers, which could not be sufficiently verified in the reporting year.

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2023

	2023			Substantial contribution criteria						DNSH criteria 'Do No Significant Harm'									
Economic activities (1)	Code (2)	Absolute Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		
Of which Enabling		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	0.0	**E**	
Of which Transitional		0.0	0.0	0.0						Y	Y	Y	Y	Y	Y	Y	0.0		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Manufacture of renewable energy technologies	CCM 3.1	0.1	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Manufacture of low-carbon transport technologies	CCM 3.3	13.3	12.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL								16.0		
Manufacture of other low-carbon technologies	CCM 3.6	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Electricity generation from hydropower	CCM 4.5	0.5	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4		
Transmission and distribution of electricity	CCM 4.9	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Storage of electricity	CCM 4.10	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Storage of hydrogen	CCM 4.12	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
District heating / cooling distribution	CCM 4.15	0.2	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5		
Installation and operation of electric heat pumps	CCM 4.16	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Production of heat/cool using waste heat	CCM 4.25	0.1	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Construction and safe operation of new nuclear power plants for the generation of electricity or heat, including for hydrogen production, using best available technologies	CCM 4.27	1.2	1.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.0		
Electricity generation from fossil gaseous fuels	CCM 4.29	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	0.1	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1, WTR 2.1	0.0	0.0	EL	N/EL	EL	N/EL	N/EL	N/EL								0.0		
Construction, extension and operation of waste water collection and treatment systems	CCM 5.3, WTR 2.2	0.0	0.0	EL	N/EL	EL	N/EL	N/EL	N/EL								0.0		
Transport of CO_2	CCM 5.11	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Infrastructure for personal mobility, cycle logistics	CCM 6.13	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Infrastructure for rail transport	CCM 6.14	0.3	0.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0.1	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Construction of new buildings	CCM 7.1, CE 3.1	27.1	26.2	EL	N/EL	N/EL	N/EL	EL	N/EL								23.4		
Renovation of existing buildings	CCM 7.2, CE 3.2	0.9	0.9	EL	N/EL	N/EL	N/EL	EL	N/EL								0.8		
Installation, maintenance and repair of energy-efficiency equipment	CCM 7.3	0.5	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3		
Professional services related to energy performance of buildings	CCM 9.3	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Maintenance of roads and motorways	CE 3.4	0.0	0.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0		
Use of concrete in civil engineering	CE 3.5	0.1	0.1	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0		
Capex of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**44.5**	**43.0**	42.9	0.0	0.0	0.0	0.1	0.0								**43.6**		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		**44.5**	**43.0**	**42.9**	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**								**43.6**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**58.9**	**57.0**																
Total		**103.4**	**100**																

PROPORTION OF CAPEX / TOTAL CAPEX in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0	42.9
CCA	0.0	0.0
WTR	-	0.0
CE	-	27.2
PPC	-	0.0
BIO	-	0.0

Taxonomy-eligible and taxonomy-aligned operating expenses (opex)

Bilfinger’s business model as a service provider without significant production activities is asset-light. The share of property, plant and equipment and right-of-use assets from leases in total assets is thus at 12.2 percent (previous year: 13.7 percent). Operating expenses (opex) related to these assets as defined in the Delegated Act on Article 8 of the EU Taxonomy Regulation as well as the other operating expenses included in the definition are therefore not significant for Bilfinger. The total amount of operating expenses in the reporting year is €131.7 million (previous year: €127.3 million). Due to the immateriality of the operating expenses in relation to total operating expenses, the Group is exempt from determining the proportion of taxonomy-eligible and taxonomy-aligned operating expenses in accordance with the definition of the Delegated Act to Article 8 of the EU Taxonomy Regulation and reports these at 0 percent (previous year: 0 percent).

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2023

	2023			Substantial contribution criteria						DNSH criteria 'Do No Significant Harm'									
Economic activities (1)	Code (2)	Absolute opex (3)	Proportion of opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€ million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0**	**0.0**	**0.0**	0.0	0.0	0.0	0.0	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		
Of which Enaebling		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	0.0	**E**	
Of which Transitional		0.0	0.0	0.0						Y	Y	Y	Y	Y	Y	Y	0.0		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.0**	**0.0**	–	–	–	–	–	–								0.0		
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		**0.0**	**0.0**	–	–	–	–	–	–								0.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**131.7**	**100**																
Total		**131.7**	**100**																

Templates for activities in the nuclear energy and fossil gas sectors

REVENUE FY 2023: TEMPLATE 1
NUCLEAR ENERGY AND FOSSIL GAS RELATED ACTIVITIES

Line	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat / cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat / cool using fossil gaseous fuels.	Yes

REVENUE FY 2023: TEMPLATE 2
TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)

		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Line		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
3.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
5.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
6.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
7.	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
8.	Total applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FY 2023: TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)

Line		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
3.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
5.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
6.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
7.	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
8.	Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FY 2023: TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
Line							
1.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	87.3	1.9	87.3	1.9	0.0	0.0
3.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.2	0.0	0.2	0.0	0.0	0.0
5.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	7.7	0.2	7.7	0.2	0.0	0.0
6.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.1	0.0	0.1	0.0	0.0	0.0
7.	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	210.3	4.7	210.3	4.7	0.0	0.0
8.	Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	305.5	6.8	305.5	6.8	0.0	0.0

REVENUE FY 2023: TEMPLATE 5 TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

		Amount	%
Line			
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
7.	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,172.5	93.0
8.	Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI	4,172.5	93.0

CAPEX FY 2023: TEMPLATE 1
NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Line	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat / cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat / cool using fossil gaseous fuels.	Yes

CAPEX FY 2023: TEMPLATE 2
TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)

		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Line		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
3.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
5.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
6.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
7.	**Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
8.	**Total applicable KPI**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

CAPEX FY 2023: TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)

		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
Line							
1.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
3.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
5.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
6.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
7.	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
8.	Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0

CAPEX FY 2023: TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Line		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.2	1.2	1.2	1.2	0.0	0.0
3.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
5.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.1	0.1	0.1	0.1	0.0	0.0
6.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
7.	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	43.1	41.7	43.1	41.7	0.0	0.0
8.	Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	44.5	43.0	44.5	43.0	0.0	0.0

CAPEX FY 2023: TEMPLATE 5 TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

Line		Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0
7.	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	58.9	57.0
8.	Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI	58.9	57.0

OPEX FY 2023: TEMPLATE 1
NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Line	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat / cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat / cool using fossil gaseous fuels.	Yes

OPEX FY 2023: TEMPLATE 2
TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)

		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
Line							
1.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
3.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
5.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
6.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
7.	**Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
8.	**Total applicable KPI**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

OPEX FY 2023: TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
Line							
1.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
3.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
5.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
6.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
7.	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
8.	Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0

OPEX FY 2023: TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
Line							
1.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
3.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
5.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
6.	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
7.	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0
8.	Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0

OPEX FY 2023: TEMPLATE 5 TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

		Amount	%
Line			
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0
7.	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0.0	0
8.	Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI	131.7	100

B.5.3 Social

B.5.3.1 Occupational safety

Bilfinger has made it its top priority to ensure the health and well-being of all its employees. No employee’s health shall be adversely affected by his or her work. Occupational health and safety standards are set by *Group HR (Human Resources) and Corporate HSEQ (Health, Safety, Environment, Quality)* for the entire Group. The design and implementation of these measures are decentralized to the Group companies.

Concept

As a service provider for industrial customers, Bilfinger is often active in areas of its customers’ plants that are especially safety-sensitive. Occupational safety matters are therefore extremely important for the Group’s business activities.

Safe work processes, the implementation of target group-oriented occupational safety campaigns and the reporting of key performance indicators on occupational safety are often an important prerequisite for the awarding of contracts by customers. Bilfinger therefore undertakes a considerable amount of effort to meet the high requirements in its day-to-day work.

In order to avoid incidents in the area of occupational safety to the greatest possible extent, our aspiration is: *zero is possible*. To get as close as possible to this aspiration, we take a two-pronged approach: We implement the necessary technical and organizational measures and address occupational safety in extensive communication measures for employees.

The occupational safety standards developed centrally by *Group HR & HSEQ* are expressed in Group-wide uniform guidelines and *standard operating procedures* (SOPs). Responsibility for compliance with these guidelines and SOPs lies with the managers of the local operating units, who also take into account the relevant local laws, regulations, customer requirements and working conditions. Health and Safety Committees have been established in the Group’s units in accordance with legal and internal Group requirements.

To record, process and communicate HSEQ incidents to the same standards worldwide, we use standardized management software throughout the Group. All types of HSEQ incidents can be recorded quickly and flexibly directly on site using a mobile IT application. This workflow makes it easier for employees to process HSEQ incidents and creates the central conditions for developing corrective measures to avoid similar situations in the future.

In conjunction with the comprehensive technical and organizational measures, intensive communication in the area of occupational safety is of great importance. The aim is to maintain a high level of awareness of the particular importance of HSEQ incidents among our employees and to further improve it. For example, we draw attention to general occupational safety aspects and current accident statistics in the form of monthly *Safety Moments* circulars. In the Group, there has been a general requirement that all discussions and meetings involving four or more people begin with a *Safety Flash* in which aspects of occupational safety are addressed.

An important measure for raising awareness regarding topics of occupational safety is our safety program *Safety Works!* including the safety campaigns that were developed in this context. In 2023, numerous target group-oriented campaigns were once again carried out in individual Group companies.

In order to recognize outstanding safety initiatives in the Group and publicize them within the company, the Executive Board presents annual *Safety Awards*. The Group-wide award is designed to motivate employees and managers to make a strong commitment to safe working conditions and maintaining the health of all employees.

The commitment of executives all the way up to the members of the Executive Board is a key building block for ongoing improvements in occupational safety. For example, it is the responsibility of managers throughout the Group to regularly carry out a number of safety walks, depending on their area of responsibility, to address risks and hazards, to make employees aware of occupational safety issues and to document their inspections. The findings from these safety walks may be recorded on the go, as the walks are progressing, and will then be directly input into the central HSEQ software.

Workplace safety is the subject of the HSEQ quarterly report that is submitted to the Executive Board. Particularly serious accidents are reported immediately to the Executive Board. It is informed on an ongoing basis regarding their analysis as well as necessary corrective measures.

As part of Bilfinger Matrix certification, 39 companies with 149 locations have been certified pursuant to the occupational health and safety standard DIN EN ISO 45001 and eight companies with 42 locations have been certified pursuant to the *Safety Certificate Contractors Petrochemical* (SCCP) standard.

Regular internal audits are carried out at the Group companies. A total of seven Group companies in Germany, Norway, Austria, Poland, Finland, Romania and Hungary were audited internally in 2023. In addition to these internal audits, there are further external audits, including by certifiers, authorities or customers.

As key figures in the area of occupational safety, we report on *Lost Time Injury Frequency (LTIF)*, *Total Recordable Incident Frequency (TRIF)* and the number of fatalities resulting from occupational accidents. The *LTIF* indicator measures the number of days lost due to work-related accidents per million hours worked. It amounted to 0.26 in financial year 2023 (previous year: 0.26). The *TRIF* indicator measures the number of days lost due to reportable accidents per million hours worked. In 2023, it was 1.19 (previous year: 1.31). Bilfinger's *LTIF* and *TRIF* figures in 2023 were again better than the industry average determined among our competitors and selected clients (data from 2021).

In 2023, there were no (previous year: 1) work-related accidents resulting in death.

OCCUPATIONAL SAFETY INDICATORS

	2023	2022
LTIF[1]	0.26	0.26
TRIF[2]	1.19	1.06
Fatalities[3]	0	1

1 LTIF: Lost Time Injury Frequency – number of work-related accidents for employees and temporary workers with at least one day lost, based on 1 million hours worked
2 TRIF: Total Recordable Incident Frequency – number of all reportable accidents for employees and temporary workers, based on 1 million hours worked.
3 Work-related accidents of employees and temporary workers resulting in death.

B.5.3.2 Employee development

Bilfinger's business model as an industrial services provider is significantly influenced by the presence, skills and values of our employees. The ongoing training and qualification of our workforce plays a key role.

Concept

The cornerstones of employee development include talent management, remuneration and internal reporting. Clear standards have been defined for this purpose and they are anchored in our Group Policies and are thus binding for all employees.

One of the main focuses of employee development in 2023 was counteracting the shortage of skilled workers. From 2024, a quarter of the savings from the ongoing Bilfinger efficiency program will be invested in employee training and development in order to maintain and further strengthen the Group's competitiveness. The content of these additional training measures will focus on technical and job-specific skills for our employees as well as areas such as leadership, sales and project management.

In October 2023, Bilfinger took an important step toward securing qualified young talent in the long term through the founding *Bilfinger education GmbH*. The company serves as the central training organization for Germany. *Bilfinger education GmbH* plays a key strategic role in the networking of training in Germany, ensuring the optimal preparation of trainees for the requirements of the changing world of work and positioning Bilfinger as an attractive training company on the labor market. We are also using the company to create a model for the future organization of vocational training in other Bilfinger regions.

The further training of our existing workforce also plays a major role in our human resources efforts. The most important HR management tools in this context include an annual performance appraisal, sound training and development planning as well as salary reviews over the course of a financial year. The annual employee appraisals are based on standardized guidelines that help everyone involved reflect on the goals achieved and define structured development measures. Salaried employees also set individual goals for the year ahead. The systems for managing the annual performance and development cycle are largely digitalized.

To develop and retain internal talent at Group level, we have established various training and development programs for high-potential employees and management levels 2 to 4.*

As part of the annual talent review, the potential of salaried employees is evaluated and calibrated. Structured interviews are used to identify potential successors for key positions, thus supporting long-term succession planning. The talent review process is carried out in cooperation among supervisors and local Human Resources departments together with Group Human Resources and the Executive Board.

*Management levels at Bilfinger in 2023 are structured on the basis of budget responsibility, size of executive scope or strategic importance in the position held. The level below the Executive Board is management level 1.

After identifying their potential in the talent review, employees are nominated to take part in global management development programs. These functions are performed by the *Talent Program* as well as the *Leadership Program, Senior Leadership Program* and *Executive Leadership Program* for management levels 2 to 4. These programs, which have been established for many years, offer the respective target group a specially tailored, one-year program to develop and promote personal leadership skills. We believe very strongly in the importance of internationality and diversity when it comes to our composition.

Leadership camps are also offered at regional level to enable Bilfinger managers to develop an integrative management style and fulfill their role as people leaders at Bilfinger.

The *Bilfinger Academy* is responsible for training and development measures. It handles the implementation of central management development programs and acts as a central point of contact for comprehensive internal training initiatives that are available to all employees with a PC workstation.

The digital training format of the *Learning Days* serves as an opportunity to exchange information and ideas and to expand employees' knowledge. In 2023, the *Learning Days* took place over the course of four days in November, during which internal and external trainers offered webinars focusing on *personal development*, *IT & digitalization* and *project management* in 26 learning units. The program was very well-received. The number of participants who completed a course increased more than fivefold from 583 in the previous year to 3,421. In addition to a simplified registration process, the increase was due in particular to the unlimited participation capacity provided by the web format. Advertising this further training offer on the new internal employee app introduced in 2022 also helped.

Project management skills are very important in Bilfinger's business model. For this reason, the international training program on project management in accordance with the standard of the internationally recognized *Project Management Institute (PMI)* is one of the ongoing programs. In 2023, we worked together with external trainers and were able to offer both crash courses and exam preparation courses for obtaining the PMI certificate.

B.5.3.3 Diversity

The diversity of our employees is of fundamental importance to Bilfinger. We consider diversity in terms of differences in age, gender, religion, ideology and ethnic origin, as well as in physical and mental abilities, sexual orientation and identity of our employees. We seek to ensure that these central dimensions of diversity are an integral part of our daily work and the interaction among colleagues.

In an international company like Bilfinger, which employs people of 112 different nationalities, cultural and linguistic diversity is part of everyday life.

The respect and appreciation of diversity in our company finds its strongest expression in the prohibition of all forms of discrimination, which is anchored in our *Code of Conduct* and in the *Bilfinger Statement of Principles on Human Rights* and applies to all employees without restriction. Violations of the ban on any form of discrimination will not be tolerated. More detailed explanations can be found in Chapter *B.5.4.3 Human rights, workers' rights and sustainable supply chain*.

As an employer, we strive to be attractive to employees in different life situations. Our goal is to create a contemporary working environment that includes hybrid forms of work and flexible working hours. This also includes support measures such as flexible working time models that make it easier for employees to perform their family duties.

When recruiting new employees, filling internal vacancies and in our succession planning, we attach great importance to the consideration of a diverse range of applicants.

Regional Bilfinger mentoring programs focus on an exchange between less experienced and more experienced employees from different areas of the company. This helps to support the transfer of knowledge and a change of perspective within the Bilfinger Group.

Internal communication plays a key role with regard to the degree of diversity in our company. Our digital corporate media, for example, often feature portraits of inspiring personalities and teams who help promote a diverse corporate culture.

Regional initiatives are tailored to the local needs and relevant requirements and circumstances in the various Group units and contribute significantly to the diversity practiced at Bilfinger.

The proportion of women in management positions has been established as a metric at Bilfinger. In accordance with the *German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public* Sector, the Executive Board resolved at the end of November 2020 to achieve a target of 10 percent women at Bilfinger at management levels 1 and 2 below the Executive Board by December 31, 2023, in accordance with Section 76 (4) of the German Stock Corporation Act (AktG). On November 26, 2020, the cut-off date for the definition of the target figure, this proportion was 8 percent in management level 1 and just under 5 percent in management level 2. As of December 31, 2023, the proportion of women at management level 1 was 12 percent while the figure for management level 2 was 11 percent (previous year: 6 percent).

The Supervisory Board set a target of 30 percent women and men on the Executive Board by December 31, 2023. In the case of an Executive Board with two or three members, this means having at least one woman and one man. As of December 31, 2023, the Executive Board consisted of two members, both of whom are men.

The reasons for not reaching the target number for the composition of the Executive Board, the new target number for women and men on the Executive Board by December 31, 2028, set by the Supervisory Board on February 8, 2024, and further explanations can be found in Chapter *A.4.1 Declaration of corporate governance and corporate governance report*, which is also available on the website www.bilfinger.com.

PROPORTION OF WOMEN IN MANAGEMENT POSITIONS

in %	2023	2022	Target 2023
Executive Board	0%	0%	30%
Management level 1	12%	11%	10%
Management level 2	11%	6%	10%

B.5.4 Governance

B.5.4.1 Good corporate governance

Within the scope of our activities, we observe the generally recognized principles of responsible *corporate governance*. For Bilfinger, *good corporate governance* most importantly means responsible behavior toward shareholders, employees, business partners, society and the environment. It also determines the actions of Bilfinger SE's executives and management bodies in particular. It is generally understood to refer to the entire management and control system of a company, including its organization, its business management principles and guidelines as well as the internal and external monitoring and control mechanisms. A comprehensive and transparent corporate governance ensures the responsible, value-oriented and sustainable management and control of the company. It forms the foundation for sustainable business success and fosters trust among our shareholders, employees, and customers as well as our business partners and the financial markets. At Bilfinger, we view *good corporate governance* as an all-encompassing topic that is inextricably linked to the other aspects of sustainability.

Concept

The management bodies and the leadership of the Group, the basic structure of the Bilfinger Group as well as the framework and rules for governance in the Group that were valid in the reporting year are described in greater detail below.

As part of the updated Group strategy, governance was also reviewed in the reporting year in terms of efficiency and alignment with the needs of customers and the market. Relevant updates were developed and approved. Plans call for these to take effect at the beginning of 2024. The updated governance will be presented in subsequent reporting and is not the subject of this report.

Management committees and leadership

Bilfinger SE, a European stock corporation headquartered in Germany, has a dual management and control structure consisting of the executive bodies Executive Board and Supervisory Board. While the Executive Board is responsible for managing the business of the company and the Group, the Supervisory Board supervises it and has personnel authority over the members of the Executive Board. The two committees work in close cooperation for the benefit and in the interest of the company. The third corporate body is the Annual General Meeting, which, in accordance with the law, is primarily responsible for fundamental decisions.

In the course of implementing corporate governance, Bilfinger follows the recognized standards of *the German Corporate Governance Code (GCGC)*. The Executive Board and Supervisory Board of Bilfinger issue an annual declaration of compliance with regard to the application of the recommendations of the GCGC.

The declaration of compliance and the GCGC as well as further details on the duties and responsibilities of the boards of the company are provided in Chapter *A.4.1 Declaration of corporate governance and corporate governance report* of the Annual Report.

Executive Board

The Executive Board conducts the business and manages Bilfinger SE and the Bilfinger Group in the interests of the company on its own responsibility. It also takes into account the sustainability aspects of environment, social and governance (ESG). The Executive Board has established specific committees to implement and ensure corporate governance in the company and the Group. This includes in particular the *Group Executive Management,* the *Bilfinger Risk Committee*, the *Safety Council,* the *Compliance Review Board,* the *Independent Allegation Management Committee* and *SustaiNet*.

Group Executive Management

Group Executive Management *(GEM)* is a committee that advises and supports the Executive Board on operational and strategic issues relating to the Group that it selects. The committee discusses and develops topics that it is presented with or assigned and, where relevant, prepares them for discussion and possible decision by the Executive Board. The objective of the GEM is, in particular, to reduce the number of administrative processes, strengthen the personal responsibility of managers and operating units and facilitate faster decision-making, whereby the GEM has no authority to issue instructions or make decisions of its own. In addition to the Executive Board, the GEM comprises the heads of the three segments (Engineering & Maintenance Europe, Engineering & Maintenance International, Technologies), the heads of the Group functions *Products & Innovation*, *HR & HSEQ* and *Procurement*. The GEM meets at least once a month.

Bilfinger Risk Committee

The Bilfinger Risk Committee *(BRC)* meets at least every six months at the behest of the Executive Board and advises it on issues related, among other things, to risk assessment. It consists of the members of the Executive Board and Chief Financial Officer (*CFO*), the Finance Directors (*FDs*) of the individual regions, and selected heads of Group functions. The BRC supports the design of an effective and pragmatic risk management system, the monitoring of general risk developments and promotes risk awareness and risk culture within the Group. The assessment of non-financial risks to society and the environment that could arise from Bilfinger's activities is also carried out on at least an annual basis as part of the BRC. The BRC thus contributes to general quality assurance as well as to the identification, treatment and reporting of significant Group risks.

Safety Council

The Safety Council is the responsibility of the Executive Board member responsible for HSEQ and is the exploratory and decision-making body for Bilfinger HSEQ issues. The Executive Board member responsible for HSEQ chairs the Safety Council. Other members include the Head of Group HR & HSEQ as well as the Executive Presidents (*EPs*) of the individual regions. The Safety Council meets monthly and decides on all Group-wide HSEQ issues. In this regard, the Safety Council makes a significant contribution to the implementation of HSEQ objectives throughout the Group.

Compliance Review Board

The Compliance Review Board *(CRB)* manages and monitors the organization and implementation of our compliance management system. It is comprised of the full Executive Board as well as selected heads of the Group functions and convenes when necessary under the chairmanship of the Chief Compliance Officer (*CCO*). The CRB has a central role in ensuring the effectiveness of our compliance management system.

Independent Allegation Management Committee

The Independent Allegation Management Committee (*IAMC*) is composed of heads and representatives of Compliance, Legal & Insurance, Internal Audit & Investigations, Accounting, Controlling & Tax, and HR & HSEQ and meets as often as necessary, but at least once a month. Under the chairmanship of the Head of Investigations, the committee controls and monitors the conduct of internal investigations into possible serious violations of our Code of Conduct. The IAMC also advises on necessary responses to identified violations including process changes, control activities and disciplinary measures.

Disciplinary Committee

The Disciplinary Committee (*DC*) convenes on an ad-hoc basis – generally when a case has been presented by the Independent Allegation Management Committee – to decide on disciplinary measures for employees in connection with a violation of the Bilfinger Code of Conduct. The DC is chaired by the Head of Group HR & HSEQ. The committee also includes the General Counsel / CCO and the Head of Labor Law / Co-Determination as permanent members as well as the direct superior of the business unit in which the matter to be assessed took place and / or the heads of the relevant segment / region as alternating members.

SustaiNet

SustaiNet is a sustainability network responsible for coordinating and harmonizing sustainability management at Group level. It is coordinated by Group Treasury & Investor Relations in the area of responsibility of the member of the Executive Board and CFO. Members of SustaiNet are the Heads of the segments and selected Group functions and corporate functions whose areas of responsibility have relevant points of contact with sustainability matters.

SustaiNet meets at least twice a year; in addition, meetings are convened on an ad-hoc and project-related basis.

Supervisory Board

In accordance with Article 11 of the Articles of Incorporation, the Supervisory Board of Bilfinger SE consists of 12 members, including equal representation of the shareholders and the employees. It advises and monitors the Executive Board and is responsible for the appointment and dismissal of Executive Board members as well as their employment contracts and remuneration. Monitoring also covers the topics of sustainability *environment, social & governance (ESG)* and the corresponding reporting.

In addition to legal provisions and the Articles of Association, the Supervisory Board has adopted Rules of Procedure which set out, among other things, the tasks, items that require approval as well as other requirements for Supervisory Board members, together with the formalities for preparing, convening and holding meetings and adopting resolutions. This is reviewed regularly. The Rules of Procedure were last updated in the 2022 financial year and are available on the Bilfinger SE website. The Supervisory Board has established various committees in order to ensure more efficient operations. Details of the committees are explained in Chapter *A.4.1 Declaration of corporate governance and corporate governance report* of the Annual Report. The Supervisory Board has, among other things, assigned the supervision and preparation of the topic of sustainability with regard to *ESG* to the committees responsible for the corresponding (financial) topic areas, with the overall and ultimate responsibility for this remaining unchanged with the Supervisory Board.

Fundamental structure the Bilfinger Group

The Bilfinger Group is hierarchically and decentrally organized. It is managed by Bilfinger SE as the parent company and headquarters. Headquarters – under the leadership of the Executive Board – is responsible for the fundamental structural and functional management as well as the administration of the Bilfinger Group. It is divided into Group functions, in some cases with corporate functions as subunits, and each of them is assigned to the responsibility of a member of the Executive Board. Operationally, the Group is structured into three segments (Engineering & Maintenance Europe, Engineering & Maintenance International, Technologies) at the first level below the Executive Board. The two Engineering & Maintenance segments are organized regionally (eight regions in total) and the Technologies segment is organized into three business lines, under which the individual Group companies are allocated. The segments, regions and business lines have a high degree of entrepreneurial and operational autonomy within the framework of the decentralized structure.

The entrepreneurial and operational responsibility in each segment lies with a Head (in future Segment President), who reports to the Chief Executive Officer *(CEO)* of Bilfinger SE. Responsibility in each region and at Technologies lies with an Executive President who is responsible for operating business and who reports to the CEO on the Executive Board, and a Finance Director, who is responsible for commercial matters and reports to the CFO.

There is also the Other Operations division, to which certain Group companies are allocated that are not part of the Group's core business and for which a divestment is being considered in the medium term. The Other Operations division reports directly to the Executive Board member and CFO.

This Group organization enables short decision-making paths and lean administration. Governance at Bilfinger is closely aligned with this structure of the Bilfinger Group. The dual control principle generally applies to all actions and measures, especially those with a binding external effect.

Frameworks and regulations

Our frameworks and regulations for the implementation of governance in the Group go beyond statutory requirements for the management of German listed companies. We provide both guidelines and binding regulations for the actions of each individual, oriented on the needs of our business.

In this context, Bilfinger governance is essentially defined and implemented through its various components, including the governance documents and the regulations they contain as well as how they relate to each other. Bilfinger employees are provided with all key governance documents in a combined and transparent form through a governance portal. Updates and changes are administered accordingly in the portal. This is designed to effectively help employees apply and implement Bilfinger governance in their daily work.

There is a clear and transparent structuring of Bilfinger governance as laid out below.

IMPLEMENTATION OF GOVERNANCE IN THE GROUP

Mission Statement, Group Policies, Code of Conduct, Statement of principles on human rights

Our Mission Statement, our corporate values together with our Statement of principles on human rights and Code of Conduct, as well as the basic structure of the Group, form the framework for governance, with priority given to more general guidelines.

Our corporate values are set out in the Mission Statement, the Group principles and the Statement of principles on human rights. Integrity and security serve as the foundation and are of the utmost priority. The Mission Statement also describes our passion, values and competencies and illustrates the cornerstones of our corporate culture. On this basis, our Group Principles set out behavioral guidelines in abstract and brief form for all employees, in particular for the areas of HSEQ and risk-conscious behavior. Our Statement of principles on human rights covers the human rights and environmental principles for employees and suppliers with the definition based on a risk analysis, the identified human rights and environmental risks and the procedure for how the Group meets the corresponding obligations (in particular from the German Supply Chain Due Diligence Act).

The principles of behavior laid out in the Code of Conduct serve as a further benchmark for our actions. The Bilfinger Code of Conduct applies Group-wide to activities throughout the world and has been translated into a total of 18 languages. It provides concrete guidance for responsible, compliant and ethical conduct in day-to-day business, in dealings with each other and with customers and other business partners and is mandatory for all managers and employees – regardless of where they work and what job they do. In addition to the general principles of behavior in the area of compliance, the Code of Conduct includes, among other things, rules related to integrity as well as the handling of conflicts of interest, and prohibits corruption and discrimination of any kind. The individual topics are specified by associated Group Policies and Group Standard Operating Procedures *(Group SOPs)*. The Code of Conduct as well as the substantiated Group Policies and Group SOPs are regularly reviewed and adjusted for current needs and developments.

The components of Bilfinger governance provide specific guidelines for management and organization within the Group. These requirements can be divided into three pillars – content and process requirements (Group Policies and Group SOPs), requirements for the framework and scope of actions and measures (Rules of Procedure as well as approval and signature requirements) as well as further requirements for responsibility and organization (reporting lines and schedules of responsibility).

Group Policies and Group SOPs

In addition to the Group's specific guidelines on the Code of Conduct, all other subject-related issues and processes classified as requiring regulation throughout the Group are also set out in Group Policies. Independent processes or special topics for a limited group of employees are regulated in Group SOPs, which in turn specify the Group Policies and are binding for all employees. In each case, local requirements must be taken into account. In individual cases, the Group Policies and Group SOPs permit more specific implementation regulations and, in exceptional cases, deviations are also possible with the appropriate approval. Responsibility for the governance of Group Policies and Group SOPs lies with the Group Functions and corporate functions at Group headquarters. Group policies and Group SOPs are regularly reviewed to ensure that they are up to date, and adjusted as necessary.

Rules of procedure and approval and signature requirements

In addition to the content of the Group Policies and Group SOPs, the actions of individual Bilfinger employees and managers in the Group are governed by rules of procedure and approval requirements. The heads of the regions and business lines as well as the managing directors or other board representatives of a Bilfinger company each have rules of procedure that contain, among other things, internal approval requirements for certain actions and measures. Approval requirements generally exist for each unit and level of the Group and the approval requirements within the regions and business lines are defined by the respective management in its scope of action. Furthermore, binding guidelines and limits exist for each Group unit regarding the signing or other execution or submission of business-relevant documents and declarations by Bilfinger employees.

These elements ensure that a clear framework for action is in place for each individual Bilfinger employee and manager. Approval and signature requirements are regularly reviewed to ensure that they are up to date and adjusted as necessary.

Schedules of responsibility and reporting lines

The rules of procedure also contain the relevant reporting lines and procedural regulations, including the possible allocation of responsibilities and requirements relating to joint decisions in the relevant executive bodies of the Group company or the management of regions and business lines. Reporting lines also exist for each Bilfinger employee. The reporting line corresponds in principle to the disciplinary responsibility, but may also be split if there is a different functional allocation.

The provisions in the rules of procedure are supplemented by a mandatory schedule of responsibility, in which the responsibilities for each member of the executive body of a Group company or a region / business line manager are clearly allocated. The purpose of this approach is to ensure that there is clear accountability and organization for each respective manager.

The implementation of governance at Bilfinger as described serves as a basic structure and framework in the design of the corresponding material factors relating to sustainability, which are organized by the relevant Group functions and corporate functions. Where relevant, the concepts are described in more detail in the chapters that follow.

B.5.4.2 Counteracting corruption and bribery

Bilfinger is committed to the fight against corruption and bribery. Corrupt behavior is contrary to our values. We are also convinced that corruption undermines business relationships, distorts competition and exposes companies and individuals to unnecessary risks.

Concept

Responsibility for the anti-corruption and anti-bribery framework lies with *Corporate Compliance* at Group headquarters.

Bilfinger’s compliance management system covers all areas of the business and pursues the objective of preventing compliance violations through preventive measures, recognizing early any type of misconduct and, in the case of confirmed violations, reacting quickly and consistently punishing misconduct.

The Bilfinger compliance management system is also laid out in the Code of Conduct, which is binding for all those employed at Bilfinger worldwide. Bribery and corruption are prohibited for all employees. They may not hold out the prospect of or grant to our customers, suppliers or other business partners money or anything of value, either directly or indirectly, to influence their decisions or to gain any improper advantage. This principle also applies in reverse: No one acting for or on behalf of Bilfinger can allow him- or herself to be corrupted or bribed through the acceptance of unfair economic advantages from business partners. Small payments to secure or accelerate routine official acts (“acceleration payments”) are also prohibited for employees of the Bilfinger Group.

In our Code of Conduct, we also lay out principles in connection with donations, sponsoring activities, gifts, hospitality and entertainment events as well as dealings with public officials.

The *Chief Compliance Officer* of the Bilfinger Group reports directly to the Chairman of the Executive Board and has an additional reporting line to the Supervisory Board and its Audit Committee.

Managers have a special role to play in the implementation of the Code of Conduct and the compliance management system. They must live up to their functions as role models. The annual performance evaluation of managers therefore includes an individual integrity assessment that then forms part of the annual dialog on career development. In addition, the variable remuneration for managers includes an individual integrity and safety element. This factor is determined annually and takes into account the fulfilment of requirements and the operationalization of a culture of integrity and safety by the manager or by the organization for which the manager is responsible.

To manage and monitor the design and implementation of our compliance management system, the Executive Board has established a Compliance Review Board (CRB), whose tasks and composition are described in Chapter *B.5.4.1 Good corporate governance*.

Our subsidiaries are supported by compliance managers and compliance officers at regional level. In addition, each regional management, each executive management and each departmental management assume responsibility for the effectiveness of the compliance management system, including the internal control system (ICS).

The international network of Compliance Representatives ensures that employees in the Group’s business units have an additional local compliance contact person. The Compliance Representatives are specially trained experts who, in addition to their primary functions in the company, support their colleagues with compliance and integrity questions and thus strengthen the presence and visibility of the topic of compliance at their locations. The Compliance Representatives maintain a regular exchange of information with compliance managers and compliance officers and contribute experience and challenges of the individual locations to the further development of the respective compliance program.

To prevent future misconduct, we rely on measures such as practical advice from compliance managers and officers as well as the Compliance Help Desk, guidelines, supporting IT tools, training and communication measures.

Our compliance training modules include on-site training and e-learning programs in which knowledge is conveyed and case studies are discussed. The total number of people in the target group of the individual trainings sometimes varies greatly from year to year as a result of a multi-year training concept.

NUMBER OF PERSONS TRAINED IN COMPLIANCE-RELATED QUESTIONS	Total number of persons in target group		Number of trained persons (absolute)		Share of trained employees (relative)	
	2023	2022	**2023**	2022	**2023**	2022
E-learning 1 - Code of Conduct[1]	11,781	4,549	11,415	4,282	97%	94%
E-learning 2 - Anti-corruption & bribery[2]	11,767	9,081	11,296	8,707	96%	96%
E-learning 3 - Anti-corruption & bribery	11,676	–	10,651	–	91%	–
E-learning 4 - Code of Conduct	11,672	–	10,572	–	91%	–
On-site training - General Compliance Training[3]	2,904	603	2,784	582	96%	97%

E-learnings 2023: for all new employees with a PC workstation and access to the Bilfinger network as well as for existing employees with a PC workstation and access to the Bilfinger network.

1 In 2022 e-learning module "Code of Conduct" for all new employees with a PC workstation and access to the Bilfinger network as well as for existing employees whose work requires an increased level of compliance awareness.

2 2022 e-learning module "Anti-corruption & bribery" for all new employees with a PC workstation and access to the Bilfinger network as well as for existing employee with a PC workstation and access to the Bilfinger network whose work does not require an increased level of compliance awareness.

3 2022: for all employees who, due to a new entry or a change in position, have taken up work at Bilfinger that requires an increased level of compliance awareness.
2023: for all employees whose work requires an increased level of compliance awareness.

All Bilfinger employees also have access to a central Compliance Help Desk that offers support in all compliance-related questions. The Compliance Help Desk is an established point of contact within the Group for initial information on how to proceed in the event of any compliance-related issues. In the year under review, 266 (previous year: 441) Compliance Help Desk requests were documented.

In order to deliver our services to the market, we depend on cooperation with numerous business partners. Because the compliant behavior of our business partners is an indispensable prerequisite for us, we use a risk-based, IT-supported process to review our potential business partners before entering into a business relationship (so-called *third-party due diligence*). When carrying out such integrity audits, Bilfinger business units are supported by the Compliance department in the risk evaluation.

In addition to prevention, the rapid identification of any misconduct and an appropriate response to such misconduct are essential components of our compliance management system. There has been a whistleblower system in place to manage the receipt, documentation and processing of suspicious cases in connection with possible violations of our Code of Conduct. It is available to our employees as well as to outside individuals and entities. The contact details are available on the Bilfinger Group's website as well as on the Group intranet. Indications of any misconduct can be given on a confidential basis with this system – anonymously if desired.

A department at Group headquarters specializing in internal investigations deals with all notifications related to suspicious cases from internal and external sources and, in cooperation with the compliance organization, conducts a preliminary review of the notifications received. If the suspicions of a violation are confirmed, an internal investigation is initiated. Particularly serious allegations are forwarded to the Independent *Allegation Management Committee* for assessment and for a decision on further action. The composition and duties of this body, which is appointed by the Executive Board, are described in Chapter B.5.4.1 Good corporate governance.

In the event that an employee is found to have been involved in serious misconduct, the Disciplinary Committee headed by Group Human Resources at Group headquarters takes any decisions on disciplinary measures and sanctions that are to be initiated. These range from informal warnings through to immediate termination including negative financial consequences. If misconduct on the part of a business partner is identified, the Independent Allegation Management Committee decides on necessary measures. These measures can include, among other things, termination of the business relationship, assertion of civil claims or the filing of an official complaint.

NUMBER OF NOTICES OF COMPLIANCE VIOLATIONS

	2023	2022
Indications of compliance violations[1]	59	66
thereof: indications of corruption and bribery	1	0
Investigations initiated	45	27
Disciplinary measures as a result of investigations	15	20

1 Reports classified as relevant in the period from January 1 to December 31 of any given year.

In financial year 2023, 59 (previous year: 66) indications of compliance violations were identified. Of these, 1 included indications of corruption or bribery (previous year: 0). Against the background of Bilfinger's uncompromising stance when it comes to dealing with compliance-related issues, the number of investigations initiated increased to 45 (previous year: 27). The number of disciplinary measures taken as a result fell to 15 (previous year: 20).

B.5.4.3 Human rights, labor rights and sustainable supply chain

In 2022, the Executive Board of Bilfinger SE adopted a *Statement of principles on human rights*, which is binding throughout the Group and is published on the company's website at https://www.bilfinger.com/en/about-us/sustainability-at-bilfinger/governance/. The Statement governs the human rights-related principles applicable to all employees and suppliers at Bilfinger. It defines the human rights and environmental expectations of the Group's employees and suppliers, describes the human rights and environmental risks that are a priority for the company and the procedures Bilfinger uses to fulfill its obligations under the German Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains *(Supply Chain Due Diligence Act – LkSG*). The Statement of principles forms the basis of governance for risk management to ensure compliance with human rights and environmental due diligence obligations in accordance with Section 4 LkSG which is fully integrated into Bilfinger's compliance management system (CMS) and all relevant business processes through appropriate measures.

Risk management for compliance with human rights and environmental due diligence obligations

Bilfinger's risk management for compliance with human rights and environmental due diligence obligations in its supply chains aims to prevent or minimize human rights or environmental risks or to end the violation of human rights or environmental obligations.

Bilfinger has integrated the measures with which the company upholds its human rights-related due diligence obligations into its compliance management system, which has been an established part of the company for many years. The system follows a risk-based approach and is based on the prevent-detect-respond model, which is recognized and proven in legal and Group practice, in its design and operationalization. The model is explained in detail in the Bilfinger Group's *Statement of principles on human rights*. It covers all areas of business activity and is designed in such a way that compliance violations are prevented through precautionary measures, misconduct of all kinds is recognized at an early stage and, in the case of confirmed violations, remedial measures are taken quickly and applied consistently.

The integration of risk management into the existing CMS is intended to ensure that Bilfinger has a complete overview of its own risk disposition. Corresponding measures are communicated to the Bilfinger Executive Board by means of regular Executive Board meetings, Group Executive Management meetings and Compliance Review Board Meetings. Through Executive Board resolutions, risk management is anchored through appropriate measures in all relevant business processes (e.g. in purchasing, human resources and the operating business units). Employees are empowered to recognize human rights and environmental risks through training, e-learning, workshops and global communications.

Respect for human rights is closely linked to the principles for acting with integrity that have been established at Bilfinger for many years and are set out in the Group's Code of Conduct. The Code of Conduct defines principles of acting with integrity both toward other employees and toward external persons and organizations. It is aimed at all employees throughout the Group – regardless of where they work and what job they do. Our employees are obligated to adhere to the principles formulated in the Code of Conduct and to confirm receipt and acknowledgement of it in writing. The Code of Conduct is explained in detail in Chapter *B.5.4.2 Counteracting bribery and corruption*.

The *Code of Conduct*, together with the *Statement of principles on human rights*, establishes a framework for exercising responsibility for society and the environment. Violations of the *Code of Conduct* or the *Statement of principles on human rights* are not tolerated; the handling of indications or suspected cases and the sanctioning of potential violations are governed by the compliance management system that has been in place throughout the Group for many years.

Basic principles of human rights

In its *Statement of principles on human rights*, Bilfinger commits itself to the Universal Declaration of Human Rights of the United Nations. Furthermore, the principles of the UN Global Compact initiative apply, which Bilfinger has committed to uphold as a member. Because human rights can also be impacted by environmental damage, Bilfinger clearly acknowledges its responsibility to protect the environment.

Bilfinger expects its employees and its suppliers in the supply chain to fully commit to the following core principles:

- All people have the right to be treated with dignity, fairness and respect.
- We respect the fundamental freedoms and human rights of our employees, business partners and the communities in which we live and work.
- We do not tolerate any form of discrimination, harassment or physical violence, nor do we tolerate any form of child, forced or compulsory labor.
- We provide an environment that promotes diversity and inclusion, and monitor and enforce compliance with human rights throughout the value chain.
- We protect the environment by ensuring sustainable business practices.
- We do not make any compromises when it comes to integrity, human rights or health and safety.

Expectations for all employees and suppliers in the supply chain

Bilfinger expects all employees and suppliers in the supply chain to assume responsibility for the values and measures listed below and to consistently align their actions with these measures:

Forced labor

- No use of or contribution to slavery, servitude, forced or compulsory labor or human trafficking.

Child labor

- No employment for workers under the age of 15.
- For heavy labor in accordance with the ILO Agreement 182, no workers under the age of 18 may be employed.

Respect and non-discrimination

- Promote equal opportunity and treatment of employees regardless of origin, religion, marital status, abilities and personality and education, skin color, nationality, ethnicity, political affiliation, social background, disability, sexual identity and orientation or age.
- No tolerance for psychological abuse, sexual harassment or discrimination through gestures, language and physical contact that is sexual, coercive, threatening, abusive or exploitative.

Health and safety

- Maintain safe working conditions.
- Provide training on health and safety issues.
- Conduct and document audits as part of occupational health and safety management systems.

Employee rights

- For us, respect for employee rights is an important component of human rights. This position is based in particular on our commitment to Principles 3 to 6 of the UN Global Compact Initiative, which apply throughout the Group. They relate to employees' rights to freedom of association and collective bargaining, the elimination of all forms of forced labor and child labor, and the elimination of discrimination with respect to employment and occupation.
- Compliance with global working time regulations.
- Compliance with all wage and compensation laws worldwide, meaning fair compensation for workers.
- Act in accordance with applicable legal requirements when assigning personnel across borders, particularly with regard to minimum wages.

Freedom of association

- The rights of employees to freedom of association and collective bargaining are expressed – depending on local laws – in the company's employee representative bodies or the trade union. These bodies endeavor to uphold employee rights, including through the conclusion of works agreements or collective bargaining agreements. Bilfinger's management maintains a regular and constructive dialog with employee representatives.
- Recognition of the right of workers to form or join trade unions and to bargain collectively.
- No discrimination against or preferential treatment of members of employee representatives or trade unions.

Environmental protection

- Put particular importance on climate protection and contribute to the reduction of greenhouse gases.
- Strengthen environmentally sustainable economic activities.
- Raise awareness of climate change and the need to accelerate the launch of global energy transition initiatives.

Grievance

- Establish a protected procedure for reporting possible violations of human rights principles.
- Identify and manage risks.
- Provide a structured response to incidents with processes put in place to create remedies for violations.

Upholding human rights and environmental due diligence obligations

The institutional basis for upholding human rights and environmental due diligence obligations is the Group's governance system, which is explained in detail in Chapter *B.5.4.1 Good corporate governance*.

To monitor compliance with the due diligence obligations of the company, its employees and its suppliers, as well as for the ongoing development of *human rights risk management*, Bilfinger also appointed the Group's *Chief Human Resources Officer* as *Human Rights Officer* at the end of 2022. Together with a compliance officer as deputy, he is responsible for *human rights risk management*. Both report regularly to the Executive Board and to the *Group Executive Management*.

To effectively meet our due diligence obligations in the Group's supply chain, we have set the goal of conducting supplier audits in accordance with defined standards beginning in financial year 2023.

Risk analysis

As part of Bilfinger's risk management for compliance with due diligence obligations, Bilfinger carried out appropriate risk analyses in the reporting year in order to determine the human rights and environmental risks in its own business and in the business of its direct suppliers. While the risk analysis in Bilfinger's own business is carried out both annually and on an ad-hoc basis due to a change in business activities, the risk analysis for Bilfinger's direct suppliers is an ongoing process throughout the reporting year.

With regard to the regular risk analysis in our own business, the methodical approach calls for a multi-stage process, beginning with an abstract consideration of risks, in particular industry-specific and country-specific risks, in order to identify Bilfinger companies and locations with an increased risk disposition as well as those potentially affected by the risks, including particularly vulnerable groups of people. In the next step, the specific risk analysis, the results of the abstract risk analysis are subjected to a plausibility review. This involves an individual determination, weighting and prioritization of specific human rights and environmental risks in a specific context at Bilfinger companies and locations with an increased risk disposition. The following criteria are used for this purpose:

- Nature and scope of business activities
- Probability of occurrence
- Severity of the injury by scope, number of people affected and irreversibility
- Possibilities of influence
- Bilfinger's contribution to the cause of individual risks or risk areas

Both the abstract and the specific risk analysis are carried out transparently, comprehensibly and in accordance with the consistently applied system described in the company's own software tool. The probability of occurrence and severity of the breach are assessed individually using a scale or a "heat map". The risk analysis follows a bottom-up approach in which questionnaires are answered at regional level or for each Business Line. The Supply Chain Due Diligence Act (LkSG) risk analysis in our own business area contains a list of 19 questions for each region or Business Line which address the human rights and environmental risks in accordance with Section 2 (2) and (3) LkSG.

The risks identified in the specific risk assessment are systematically documented in the evaluation section of the tool in a risk inventory, with the risk description, the responsible parties and the relevant weighting. The evaluation process step also serves to prepare segment meetings in which, as a next step, the results of the risk analysis are assessed at segment level in order to define suitable preventive and corrective measures wherever necessary.

The following priority human rights and environmental risks and aggregated risk areas were identified in the course of the risk analysis in Bilfinger's own business activities:

- Section 2 (2) No. 5 b): Risk of non-compliance with the occupational health and safety obligations applicable under the law of the place of employment, if this results in the risk of accidents at work or work-related health hazards – in particular due to a lack of measures put in place to prevent excessive physical and mental fatigue, in particular due to unsuitable work organization with regard to working hours and rest breaks due to working hours in excess of the contractually agreed amount.

- The weighting and prioritization of the identified risks in accordance with the appropriateness criteria in Section 3 (2) LkSG have shown that the typically expected severity of the violation Section 2 (2) No. 5b) is to be assessed as material. The risk is not, however, of a permanent or structural nature; rather, an increased workload due to working more hours than contractually agreed usually only occurs in exceptional cases in the project business – this is sometimes the case when deadlines have to be met. The type of causal contribution to the risk and the ability to influence those responsible for the risk can be strictly controlled and influenced by the relevant project managers and the local human resources departments.
- As part of an incident-related risk analysis prior to the acquisition of Stork, Fluor's industrial services business in the Netherlands and Belgium, no prioritized human rights or environmental risks or aggregated risk areas were identified.
- Bilfinger regularly conducts risk analyses of direct suppliers in accordance with Section 5 (1) LkSG in cooperation with an external service provider. The risk analysis involves Bilfinger's Purchasing department sharing supplier master data with the service provider, which is then supplemented with country codes and NACE codes (Statistical Classification of Economic Activities in the European Community) in preparation for an abstract risk analysis.

The overall results of the risk analyses in the company's own business area and at direct suppliers are presented to the Bilfinger Executive Board.

Grievance

The global Bilfinger complaints procedure or whistleblower system (Confidential Reporting Line - CRL) was designed in accordance with Section 8 (1) LkSG in such a way that employees and third parties can report human rights and environmental risks as well as violations of due diligence obligations under the LkSG that have arisen as a result of Bilfinger's business activities in its own business area or those of a direct supplier – anonymously if desired. The complaints procedure is accessible to potentially disadvantaged persons; the confidentiality of identity is maintained and it ensures effective protection against discrimination or punishment on the basis of a complaint.

Relevant information is documented and confirmed to the person providing the information. As far as possible, the persons entrusted by Bilfinger with conducting the proceedings will discuss the facts of the case with the whistleblowers. The persons entrusted with conducting the proceedings act impartially. They act independently, are not bound by instructions and are obligated to maintain confidentiality. Information on how to access the complaints procedure is publicly available.

The effectiveness of the process is reviewed at least annually and on an ad-hoc basis if Bilfinger anticipates a significant change or significant increase in the risk situation in its own business or in the business of its direct suppliers.

Documentation and reporting

In addition to the reports required by law, Bilfinger regularly prepares internal reports as well as incident-related internal information and progress reports, in particular on cases that have been classified as *serious*. These reports are sent to the Executive Board and the Supervisory Board.

Bilfinger has been reporting transparently for years on the number of indications of human rights violations within the Group, the investigations initiated as a result of these investigations and the disciplinary measures taken. In 2023, 22 (previous year: 17) indications of violations were identified that related to bullying, discrimination and sexual harassment. Investigations were initiated in 17 (previous year: 9) cases, resulting in internal disciplinary measures in 8 cases (previous year: 4).

NUMBER OF INDICATIONS OF VIOLATIONS OF HUMAN RIGHTS*

	2023	2022
Indications of violations[1]	22	17
Investigations initiated	17	9
Disciplinary measures as a result of investigations	8	4

* The number of indications of human rights compliance violations is a partial quantity to the number of indications of compliance violations presented in Chapter *B.5.4.2 Counteracting corruption and bribery.*

[1] Reports classified as relevant in the period from January 1 to December 31 of a respective year. The references relate to bullying, discrimination and sexual harassment.

B.6 Takeover-relevant information pursuant to Section 289a and Section 315a of the German Commercial Code (HGB)

Structure of subscribed capital

The subscribed capital of Bilfinger SE of €132,627,126.00 is divided into 37,606,372 bearer shares with an arithmetical value of €3.53 per share. Each share entitles its holder to one vote at the Annual General Meeting.

Limitations relating to voting rights or the transfer of shares

We are not aware of any limitations to voting rights beyond the legal limitations – such as in accordance with Sections 136 and 71b of the German Stock Corporation Act (AktG).

Shareholdings in Bilfinger exceeding 10 percent of voting rights

Investment company Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, notified us on November 17, 2023, that its shareholding in Bilfinger on November 15, 2023, was 26.61 percent of the voting rights. These voting rights were attributed to Cevian Capital II GP Limited in accordance with Section 34 of the German Securities Trading Act (WpHG) through Cevian Capital Partners Limited with 24.92 percent of the voting rights.

Investment company ENA Investment Capital LLP, London, United Kingdom, notified us on November 6, 2020, that its shareholding amounted to 12.00 percent of the voting rights in our capital as of November 6, 2020. In accordance with Section 34 WpHG, these voting rights are attributable to Mr. George Kounelakis, born November 13, 1973.

Shares with special rights

There are no Bilfinger shares with special rights conferring powers of control.

Voting right control of employee shares in the case of indirect exercise of control rights

Within the scope of the employee share program, there are employee shareholdings from current and former employees who do not exercise their control rights directly, but have transferred these to a shareholder association that represents their interests. The proxies can be revoked at any time. As of December 31, 2023, a total of 15,820 voting rights had been transferred to the association.

Statutory requirements and provisions of the Articles of Incorporation on the appointment and dismissal of members of the Executive Board and changes to the Articles of Incorporation

The appointment and dismissal of members of the Executive Board are subject to the statutory provisions of Section 39 of the SE Regulation (SE-VO), Section 16 of the SE Implementation Act and Sections 84 and 85 of the German Stock Corporation Act (AktG), as well as the provisions of Article 5 (2) of the Bilfinger SE Articles of Incorporation. Accordingly, members of the Executive Board are appointed by the Supervisory Board for a maximum of five years. Re-appointments are permitted.

The Supervisory Board can dismiss a member of the Executive Board when there is good cause for the dismissal. The Supervisory Board decides on the appointment or dismissal of a member of the Executive Board by simple majority. In the event of a tied vote, also in a second voting, the Chairman has a casting vote.

Any amendments to the Articles of Incorporation of Bilfinger SE are subject to the statutory provisions of Section 59 Subsection 1 of the SE Regulations and Sections 133 and 179 of the AktG, as well as the provisions of Article 18 Section 2 of the Articles of Incorporation of Bilfinger SE. Accordingly, a majority of two-thirds of the valid votes cast or, provided that at least half of the share capital is represented, a simple majority of the valid votes cast is sufficient to amend the Articles of Incorporation. This does not apply to a change in the object of the company, for which a resolution in accordance with Section 8 (6) SE-VO is required as well as for cases in which a greater voting or capital majority is stipulated by law. Pursuant to Article 23 of the Articles of Incorporation, the Supervisory Board is authorized to make resolutions concerning amendments and supplements that affect only the wording of the Articles of Incorporation.

Authorization of the Executive Board with regard to the buyback and issue of shares

The Annual General Meeting on April 20, 2023, revoked the authorization to acquire company shares granted by the Annual General Meeting on May 11, 2022, and replaced it with a new, essentially identical authorization with another five-year term.

The Annual General Meeting on April 20, 2023, authorized the Executive Board, with the consent of the Supervisory Board, to purchase own shares in the amount of up to 10 percent of the company's share capital existing at the time of the resolution and until April 19, 2028. This is subject to the proviso that the shares to be purchased on the basis of this authorization, together with other shares in Bilfinger SE which Bilfinger SE already purchased and still holds or which are attributable to it pursuant to Sections 71d and 71e AktG, did not account for more than 10 percent of the share capital of Bilfinger SE at any time. At the time of the Annual General Meeting on April 20, 2023, the company held 200,000 treasury shares (approximately 0.53 percent of capital stock) from previous share buyback programs.

The shares that are bought back may be used for all purposes permitted under the authorization of the Annual General Meeting. These purposes are explained in the invitation to the Annual General Meeting on April 20, 2023, which is available on the website www.bilfinger.com.

The Annual General Meetings of Bilfinger SE on May 24, 2017, and May 11, 2022, authorized the Executive Board, among other things, to cancel treasury shares acquired by the company on the basis of the corresponding authorization pursuant to Section 71 (1) No. 8 AktG with the approval of the Supervisory Board without a further resolution of the Annual General Meeting. The authorizations also include the cancelation by simplified procedure without reducing the share capital by increasing the proportion of the remaining no-par value shares in the share capital.

Utilizing these authorizations, the Executive Board of Bilfinger SE resolved on February 27, 2023, to cancel 3,430,956 treasury shares of Bilfinger SE acquired accordingly by way of the simplified cancelation procedure without reducing the share capital by increasing the proportionate arithmetical amount of the remaining no-par value shares in the share capital of the company in accordance with Section 71 (1) No. 8 Sentence 6 AktG in conjunction with Section 237 (3) No. 3 AktG with effect from March 20, 2023. This corresponded to approximately 8.36 percent of the no-par value shares issued by the company prior to the cancelation. The Supervisory Board of Bilfinger SE approved the Executive Board's resolution on March 7, 2023.

Following the cancelation of treasury shares effective March 20, 2023, the share capital of Bilfinger SE remains unchanged at €132,627,126.00 and has since been divided into 37,606,372 no-par value bearer shares with a pro rata amount of share capital of €3.53 per share.

As of December 31, 2023, Bilfinger SE held a total of 122,049 treasury shares, corresponding to 0.32 percent of the company's share capital.

Authorized Capital

The Annual General Meeting of April 20, 2023, lifted the authorization for the creation of authorized capital resolved by the Annual General Meeting of May 15, 2018, and included in Section 3 Paragraph 3 of the previous version of the Articles of Incorporation (Approved Capital 2018). By resolution of the Annual General Meeting of April 20, 2023, the Executive Board was authorized for a period ending on April 19, 2028, to increase the company's capital stock, subject to the consent of the Supervisory Board, by up to €66,313,563.00 by issuing new no-par value bearer shares on one or more occasions (Authorized Capital 2023). Such issue of new shares may be effected against cash or non-cash contributions. The new shares are to be offered to the shareholders for subscription. An indirect subscription right in accordance with Section 186 (5) AktG shall suffice in this context.

The total pro rata amount of the share capital attributable to new shares for which subscription rights are excluded on the basis of these authorizations, together with the pro rata amount of the share capital attributable to shares or to which conversion and / or option rights or obligations from bonds relate that were issued after the beginning of April 20, 2023 with the exclusion of subscription rights, may not exceed 10 percent of the share capital. The decisive factor is either the share capital existing on April 20, 2023, at the time of registration of the authorization or at the time of issue of the new shares, depending on which of these times the share capital amount is the lowest. The exclusion of subscription rights also applies if the issue is carried out in corresponding or analogous application of Section 186 (3) Sentence 4 AktG. The Authorized Capital 2023 is regulated in Section 3 (3) of the company's Articles of Association.

Conditional Capital

The Annual General Meeting on April 15, 2021 canceled the conditional capital increase (Conditional Capital 2017) resolved by the Annual General Meeting on May 24, 2017 and included in Section 3 (4) of the previous version of the company's Articles of Association. By resolution of the Annual General Meeting of April 15, 2021, the share capital was increased by up to €13,262,712.00 by the issue of up to 4,420,904 new bearer shares (Contingent Capital 2021). The conditional capital increase serves the granting of shares or under the exercise of conversion and / or option rights or under conversion and / or option obligations under promissory notes that are issued or guaranteed by the company or a Group company by April 14, 2026. The issue of the new shares is carried out according to the aforementioned authorization resolution each at certain conversion and / or option prices.

The conditional capital increase will only be carried out to the extent that holders of bonds make use of their conversion or option rights or fulfill their obligations to exercise conversions or options, and the conditional capital is required in accordance with the conditions of the promissory notes. Each new share issued as a result of the exercise of the conversion or option right or the fulfillment of the conversion or option obligation participates in the profit from the beginning of the financial year in which it is created. The Conditional Capital 2021 is regulated in Section 3 (4) of the company's Articles of Association.

Agreements related to a change of control

To finance working capital, Bilfinger has a €300 million pre-approved syndicated credit line at attractive conditions that is in place until December 2028. Guaranteed credit lines with a volume of around €900 million are available for the settlement of project and service business. A U.S. Surety Program in the amount of US$750 million is also available for the settlement of business in North America. Bilfinger also has promissory note loans in the amount of around €181 million and a corporate bond in the amount of €250 million. In the event of a change of control as a result of a takeover bid for Bilfinger SE, all loan commitments may be called in early in accordance with standard business practice.

Compensation agreements in the case of an offer to take over the company

In the case of a change of control and if certain other conditions are fulfilled, the members of the Executive Board have a special right to terminate their contracts of service. In the event of termination as a result of a change of control, the members of the Executive Board in office will not receive a severance payment. Further details can be found in the Remuneration Report 2023, which will be submitted to the Annual General Meeting 2024 for approval and published on the Company's website at https://www.bilfinger.com/en/investors/corporate-governance/remuneration-executive-and-supervisory-boards/.

C Consolidated financial statements

C.1 Consolidated income statement

in € million

	Notes	2023	2022
Revenue	(6)	4,485.6	4,312.0
Cost of sales		-4,022.9	-3,874.9
Gross profit		**462.7**	**437.2**
Selling and administrative expense		-297.8	-307.5
Impairment losses and reversals of impairment losses in accordance with IFRS 9	(7)	-1.2	-2.9
Other operating income	(8)	33.5	29.4
Other operating expense	(9)	-12.4	-85.9
Income from investments accounted for using the equity method	(18)	5.0	5.1
Earnings before interest and taxes (EBIT)		**189.7**	**75.5**
Interest income	**(12)**	**19.6**	**5.7**
Interest expense	**(12)**	**-45.0**	**-28.3**
Other financial result	(12)	-1.0	-1.4
Earnings before taxes		**163.3**	**51.5**
Income taxes	(13)	18.3	-20.4
Earnings after taxes from continuing operations		**181.6**	**31.1**
Earnings after taxes from discontinued operations	**(5.1)**	**3.5**	**-0.1**
Earnings after taxes		185.0	31.0
thereof non-controlling interests		3.6	2.9
Net profit		**181.5**	**28.2**
Basic earnings per share (in €)	(14)	4.84	0.71
thereof from continuing operations		4.75	0.71
thereof from discontinued operations		0.09	0.00
Diluted earnings per share (in €)	(14)	4.82	0.71
thereof from continuing operations		4.73	0.71
thereof from discontinued operations		0.09	0.00

C.2 Consolidated statement of comprehensive income

in € million

	2023	2022
Earnings after taxes	**185.0**	31.0
Items that will not be reclassified to the income statement		
Gains / losses from remeasurement of net defined-benefit liability (asset)		
Unrealized gains / losses	-21.0	62.8
Income taxes on unrealized gains / losses	0.5	-5.2
	-20.5	57.6
Gains / losses from fair-value measurement of equity instruments in accordance with IFRS 9.5.7.5		
Unrealized gains / losses	0.0	0.0
Income taxes on unrealized gains / losses	0.0	0.0
	0.0	0.0
	-20.5	57.6
Items that may subsequently be reclassified to the income statement		
Currency translation differences		
Unrealized gains / losses	-8.9	-4.9
Reclassifications to the income statement	-0.4	0.0
Income taxes on unrealized gains / losses	0.0	0.0
	-9.4	-4.9
	-9.4	-4.9
Other comprehensive income after taxes	**-29.8**	52.7
Total comprehensive income after taxes	**155.2**	83.7
Attributable to shareholders of Bilfinger SE	150.9	80.9
Minority interest	4.3	2.8

See also further explanations on the components of other comprehensive income in Note 23 of the notes to the consolidated financial statements.

C.3 Consolidated balance sheet

in € million

		Notes	Dec. 31, 2023	Dec. 31, 2022
Assets	Non-current assets			
	Intangible assets	(15)	788.0	786.5
	Property, plant and equipment	(16)	246.7	246.2
	Right-of-use assets from leases	(17)	163.5	173.2
	Investments accounted for using the equity method	(18)	13.3	12.7
	Other assets	(19)	6.7	7.3
	Deferred taxes	(13)	87.9	35.9
			1,306.2	**1,261.9**
	Current assets			
	Inventories	(20)	87.3	80.8
	Receivables and other financial assets	(21)	1,180.1	1,078.5
	Current tax assets	(13)	8.9	7.3
	Other assets	(22)	46.1	35.2
	Marketable securities	(29.1)	190.5	14.9
	Cash and cash equivalents	(29.1)	538.4	573.4
	Assets classified as held for sale	(5)	–	–
			2,051.3	**1,790.1**
			3,357.4	3,052.0
Equity & liabilities	Equity	(23)		
	Share capital		132.6	132.6
	Capital reserve		763.0	765.9
	Retained and distributable earnings		282.9	293.3
	Other reserves		-1.8	0.7
	Treasury shares		-3.5	-104.7
	Equity attributable to shareholders of Bilfinger SE		**1,173.1**	**1,087.9**
	Minority interest		8.4	-9.7
			1,181.5	**1,078.2**
	Non-current liabilities			
	Provisions for pensions and similar obligations	(24)	260.7	238.7
	Other provisions	(25)	18.7	17.3
	Financial debt	(26)	294.9	388.9
	Other liabilities	(27)	0.1	0.0
	Deferred taxes	(13)	16.0	10.8
			590.4	**655.7**
	Current liabilities			
	Current tax liabilities	(13)	25.5	29.7
	Other provisions	(25)	201.8	238.8
	Financial debt	(26)	313.9	54.7
	Trade and other payables	(27)	835.3	787.0
	Other liabilities	(28)	209.1	208.1
	Liabilities classified as held for sale	(5)	–	–
			1,585.5	**1,318.2**
			3,357.4	**3,052.0**

C.4 Consolidated statement of changes in equity

in € million

	Equity attributable to shareholders of Bilfinger SE									Attributable to minority interest	Equity
				Other reserves							
	Share capital	Capital reserve	Retained and distributable earnings	Reserve from the fair-value measurement of debt instruments	Reserve from the fair-value measurement of equity instruments	Reserve from hedging transactions	Currency translation reserve	Treasury shares	Total		
Balance at January 1, 2022	**132.6**	**771.8**	**403.1**	**0.0**	**0.0**	**0.0**	**5.5**	**-12.2**	**1,300.8**	**-11.8**	**1,289.0**
Earnings after taxes	0.0	0.0	28.2	0.0	0.0	0.0	0.0	0.0	28.2	2.9	31.1
Other comprehensive income after taxes	0.0	0.0	57.6	0.0	0.0	0.0	-4.8	0.0	52.8	-0.1	52.7
Total comprehensive income	**0.0**	**0.0**	**85.8**	**0.0**	**0.0**	**0.0**	**-4.8**	**0.0**	**81.0**	**2.8**	**83.8**
Dividends paid out	0.0	0.0	-193.7	0.0	0.0	0.0	0.0	0.0	-193.7	-0.4	-194.1
Share-based payments	0.0	-5.9	-1.4	0.0	0.0	0.0	0.0	7.6	0.3	0.0	0.3
Changes in ownership interest without change in control	0.0	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	-0.5	-0.3	-0.8
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0	-100.0	0.0	-100.0
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at December 31, 2022	**132.6**	**765.9**	**293.3**	**0.0**	**0.0**	**0.0**	**0.8**	**-104.7**	**1,087.9**	**-9.7**	**1,078.2**
Balance at January 1, 2023	**132.6**	**765.9**	**293.3**	**0.0**	**0.0**	**0.0**	**0.8**	**-104.7**	**1,087.9**	**-9.7**	**1,078.2**
Earnings after taxes	0.0	0.0	181.5	0.0	0.0	0.0	0.0	0.0	181.5	3.6	185.0
Other comprehensive income after taxes	**0.0**	**0.0**	**-20.5**	**0.0**	**0.0**	**0.0**	**-10.1**	**0.0**	**-30.6**	**0.7**	**-29.8**
Total comprehensive income	0.0	0.0	161.0	0.0	0.0	0.0	-10.1	0.0	150.9	4.3	155.2
Dividends paid out	0.0	0.0	-48.6	0.0	0.0	0.0	0.0	0.0	-48.6	-1.9	-50.5
Share-based payments	**0.0**	**-2.9**	**1.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.3**	**0.4**	**0.0**	**0.4**
Changes in ownership interest without change in control	0.0	0.0	-23.6	0.0	0.0	0.0	7.6	0.0	-16.0	15.8	-0.2
Cancelation of treasury shares	0.0	0.0	-98.9	0.0	0.0	0.0	0.0	98.9	0.0	0.0	0.0
Other changes	0.0	0.0	-1.4	0.0	0.0	0.0	0.0	0.0	-1.4	0.0	-1.4
Balance at December 31, 2023	132.6	763.0	282.9	0.0	0.0	0.0	-1.8	-3.5	1,173.1	8.4	**1,181.5**

For explanations of the development of Group equity see Note 23 of the notes to the consolidated financial statements. For explanations on changes to share-based payments, see Note 34.

C.5 Consolidated statement of cash flows

in € million

	Notes	2023	2022
Earnings before taxes from continuing operations		163.3	51.5
Interest income and expense and other financial result	(12)	26.4	23.9
Amortization of intangible assets from acquisitions and goodwill impairments	(11)	1.1	0.0
EBITA		**190.8**	**75.5**
Depreciation of property, plant and equipment, amortization of intangible assets (excluding from acquisitions) and right-of-use assets	(11)	98.6	98.7
Gains / losses on disposals of non-current assets	(8), (9)	-12.7	-14.1
Income from investments accounted for using the equity method	(18)	-5.0	-5.2
Dividends received		4.4	3.9
Interest received		14.9	5.0
Income tax payments		-32.2	-2.1
Change in advance payments received		20.1	62.6
Change in trade receivables and work in progress		-88.4	-162.2
Change in trade payables and advance payments made		13.1	83.9
Change in net trade assets		**-55.2**	**-15.7**
Change in current provisions		-27.7	41.7
Change in other current assets (including other inventories) and liabilities		-16.9	-9.3
Change in working capital		**-99.8**	**16.7**
Change in non-current assets and liabilities		-7.8	-12.9
Cash flow from operating activities of continuing operations		**151.4**	**165.5**
Cash flow from operating activities of discontinued operations		-6.6	-7.5
Cash flow from operating activities, total		**144.8**	**158.0**
Investments in property, plant and equipment and intangible assets		-58.6	-51.7
Payments received from the disposal of property, plant and equipment and intangible assets		29.0	22.1
Acquisition of subsidiaries net of cash and cash equivalents acquired	(4.2)	-12.5	-0.1
Payments from the disposal of subsidiaries net of cash and cash equivalents disposed of	(4.3)	-0.6	7.5
Payments received / investments in other financial assets		0.0	0.9
Divestment / investments in marketable securities	(29.1)	-175.0	174.7
Cash flow from investing activities of continuing operations		**-217.7**	**153.4**
Cash flow from investing activities of discontinued operations		0.1	2.7
Cash flow from investing activities, total		**-217.6**	**156.1**
Acquisition of own shares		0.0	-100.0
Dividends paid to the shareholders of Bilfinger SE	(23.1)	-48.6	-193.7
Dividends paid to minority interest		-2.8	-1.9
Investments in changes in company shares (control maintained)	(4.4)	-0.3	-0.6
Borrowing	(26)	175.0	0.0
Repayment of financial debt	(26)	-52.8	-61.2
Interest paid		-29.7	-25.2
Cash flow from financing activities of continuing operations		**40.8**	**-382.7**
Cash flow from financing activities of discontinued operations		-0.1	-0.1
Cash flow from financing activities, total		**40.7**	**-382.8**
Change in cash and cash equivalents		**-32.1**	**-68.7**
Change in value of cash and cash equivalents due to changes in foreign exchange rates		-3.0	-0.8
Cash and cash equivalents at January 1		573.4	642.9
Cash and cash equivalents classified as assets held for sale at January 1 (+)		0.0	0.0
Cash and cash equivalents classified as assets held for sale at December 31 (-)		0.0	0.0
Cash and cash equivalents at December 31		**538.4**	**573.4**

C.6 Notes to the consolidated financial statements *

* Values in € million unless stated otherwise

1 Segment reporting

As in the previous year, segment reporting has been prepared in accordance with IFRS 8. The reportable segments of the Bilfinger Group reflect the internal reporting structure. Segment reporting depicts the Group's continuing operations. The definition of the segments is based on products and services.

Segment reporting continues to consist of the following three reportable segments:

- Engineering & Maintenance Europe
- Engineering & Maintenance International
- Technologies

The reportable segment *Technologies* is both a division and an operating segment.

The reportable segment *Engineering & Maintenance Europe* comprises the six regions *E&M United Kingdom, E&M Nordics, E&M Belgium & Netherlands, E&M Germany, E&M Austria & Switzerland* and *E&M Eastern Europe*, which constitute operating segments. The former E&M Poland region was adjusted in the reporting year: Tebodin Central and Eastern Europe, which were previously part of the *E&M Belgium & Netherlands* region, now form the *E&M Eastern Europe* region together with the units of the former *E&M Poland* region. The change has no impact on the reportable segment Engineering & Maintenance Europe. The reportable segment *Engineering & Maintenance International* includes the regions *E&M North America* and *E&M Middle East*, which constitute operating segments.

The segment *Technologies* is positioned globally and focuses on products and technologies that it offers throughout the world. Examples include components for biopharma plants (skids) as well as components for the nuclear industry. The division concentrates on growth areas in which Bilfinger demonstrates technological expertise, enabling us to benefit from sustainable global trends. *Technologies* coordinates Group-wide market development in these growth areas.

The service line *Engineering & Maintenance* is positioned regionally and services for engineering, maintenance, expansion and operation are therefore offered on a local basis. Due to the similarity of the markets, the economic environment as well as the financial parameters – particularly growth expectations and the extent of the margins – we combine the reporting of the regions *E&M United Kingdom*, *E&M Nordics*, *E&M Belgium & Netherlands*, *E&M Germany*, *E&M Austria & Switzerland* and *E&M Eastern Europe* in the *Engineering & Maintenance Europe* reporting segment. The *Engineering & Maintenance* activities of the regions *E&M North America* and *E&M Middle East* in our strategic growth regions outside of Europe make up the reportable segment *Engineering & Maintenance International*. Here, we expect similar growth rates and margins in the planning period.

The companies in *Other Operations* as well as headquarters, consolidation effects and other items are presented under *Reconciliation Group*. *Other Operations* includes operating units that are active outside of the business segments, regions or customer groups defined above. These units are not a focus of the strategic positioning of the Group, but rather are up for sale in the short term or independently managed for value with the goal of a later sale. Accordingly, the reporting classification of the units in *Other Operations* is not primarily based on the similarity of products, customers, regions, etc., but on this strategic classification. The division therefore does not constitute an operating segment. Revenue is mainly generated in the industrial sector energy & utilities.

Since financial year 2022, *earnings before interest, taxes and amortization of intangible assets from acquisitions* (EBITA) has been the key performance indicator for the business units and the Group, and thus the metric for earnings in our segment reporting. For better comparability with prior-year figures, special items continue to be shown. The key performance indicator EBIT is also presented. The reconciliation of EBIT to earnings before taxes from continuing operations is derived from the consolidated income statement. Internal revenue reflects the supply of goods and services between the segments. These are invoiced at the usual market prices. In the reconciliation to the consolidated financial statements, the Group's internal expenses and income as well as intra-Group profits are eliminated. Consolidation includes the consolidation of business transactions between the business segments. The reconciliation also includes income and expenses from headquarters as well as other items that cannot be allocated to the individual segments according to our internal accounting policies. The allocation of external revenue to the regions is carried out according to the location of the service provision.

Segment assets and segment liabilities are voluntarily disclosed. The reconciliation of segment assets in particular includes cash and cash equivalents as well as the non-current and current assets that are not allocated to the business segments. The segment liabilities shown in the reconciliation include, in particular, the liabilities of Group headquarters and interest-bearing liabilities such as debt and provisions for pensions and similar obligations. In addition, items that, in accordance with our internal reporting principles, cannot be allocated to individual segments are presented in the two reconciliations.

RECONCILIATION GROUP	Other Operations		Headquarters		Consolidation		Reconciliation Group	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
in € million								
External revenue	167.1	197.1	11.2	11.3	-15.0	-4.0	163.3	204.5
Internal revenue	0.0	0.0	66.1	64.6	-141.5	-131.4	-75.4	-66.8
Total revenue	**167.1**	**197.1**	**77.3**	**76.0**	**-156.5**	**-135.4**	**87.9**	**137.7**
EBITA	**14.0**	**17.5**	**-4.8**	**-44.2**	**-15.7**	**-2.6**	**-6.5**	**-29.3**
therein special items	0.0	2.3	-3.9	-19.0	0.0	0.0	-3.9	-16.7
Amortization of intangible assets from acquisitions and impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**14.0**	**17.5**	**-4.8**	**-44.2**	**-15.7**	**-2.6**	**-6.5**	**-29.3**
Segment assets	64.4	49.2	781.5	608.0	0.0	0.0	845.9	657.2
Segment liabilities	33.6	37.2	952.2	779.2	0.0	0.0	985.8	816.4

SEGMENT REPORTING BY BUSINESS SEGMENT

in € million	Technologies 2023	Technologies 2022	Engineering & Maintenance Europe 2023	Engineering & Maintenance Europe 2022	Engineering & Maintenance International 2023	Engineering & Maintenance International 2022	Total of reportable segments 2023	Total of reportable segments 2022	Reconciliation Group 2023	Reconciliation Group 2022	Total continuing operations 2023	Total continuing operations 2022
External revenue	733.1	588.7	2,909.5	2,723.4	679.7	795.4	4,322.3	4,107.5	163.3	204.5	4,485.6	4,312.0
Internal revenue	4.0	3.3	69.3	61.1	2.1	2.4	75.4	66.8	-75.4	-66.8	-0.0	0.0
Total revenue	737.1	592.0	2,978.8	2,784.5	681.8	797.8	4,397.7	4,174.3	87.9	137.7	4,485.6	4,312.0
EBITA (segment earnings)	33.3	8.4	161.1	104.7	2.9	-8.4	197.3	104.7	-6.5	-29.3	190.8	75.5
therein special items	-0.8	-9.2	2.6	-35.5	1.4	-3.0	3.2	-47.8	-3.9	-16.7	-0.7	-64.5
Amortization of intangible assets from acquisitions and impairment of goodwill	-0.0	0.0	1.1	0.0	0.0	0.0	1.1	0.0	0.0	0.0	1.1	0.0
EBIT	33.3	8.4	160.1	104.7	2.9	-8.4	196.3	104.7	-6.5	-29.3	189.7	75.5
therein depreciation of property, plant and equipment and other intangible assets	-3.4	-3.4	-38.4	-37.3	-3.9	-3.9	-45.7	-44.6	-2.8	-3.9	-48.5	-48.5
therein depreciation of right-of-use assets from leases	-5.2	-4.7	-30.1	-29.5	-4.6	-4.5	-39.9	-38.7	-11.9	-11.5	-51.8	-50.3
therein income from investments accounted for using the equity method	0.0	0.0	2.5	1.9	1.2	1.5	3.7	3.4	1.3	1.6	5.0	5.1
Segment assets December 31	436.3	395.4	1,546.0	1,464.2	529.2	535.2	2,511.5	2,394.8	845.9	657.2	3,357.4	3,052.0
thereof investments in associates and joint ventures accounted for using the equity method	0.0	0.0	2.5	2.0	1.6	1.3	4.1	3.3	9.2	9.5	13.3	12.7
Segment liabilities December 31	295.9	277.9	709.7	686.4	184.5	193.2	1,190.1	1,157.5	985.8	816.4	2,175.9	1,973.9
Investments in property, plant and equipment and intangible assets	4.0	4.8	48.8	41.5	4.1	3.4	56.9	49.7	1.7	2.0	58.6	51.7
Capitalization of right-of-use assets from leases	3.5	4.2	24.5	24.5	1.6	3.8	29.6	32.5	3.2	5.7	32.8	38.2
Employees December 31	2,018	2,097	20,405	21,046	5,119	5,963	27,542	29,106	1,108	1,203	28,650	30,309

SEGMENT REPORTING BY REGION

in € million	Germany 2023	Germany 2022	Rest of Europe 2023	Rest of Europe 2022	America 2023	America 2022	Africa 2023	Africa 2022	Asia 2023	Asia 2022	Australia 2023	Australia 2022	Total continuing operations 2023	Total continuing operations 2022
External revenue	1,066.8	1,002.8	2,555.1	2,289.3	538.7	686.5	166.6	171.1	156.9	158.9	1.5	3.3	4,485.6	4,312.0
Non-current assets at December 31	564.9	582.0	399.2	377.7	202.9	213.8	4.1	4.6	27.1	27.9	0.0	0.0	1,198.2	1,206.0

Special items in EBITA are comprised as follows:

SPECIAL ITEMS IN EBITA

€ million	2023	2022
EBIT	189.7	75.5
Amortization of intangible assets from acquisitions and goodwill	1.1	0
EBITA	190.8	75.5
Restructuring and efficiency enhancement income/ expense	-1.0	66.8
Process and system harmonization expense	0	0
Income / expense from the disposal of investments	1.7	-2.3
Total special items	0.7	64.5
Adjusted EBITA	191.5	140.0

In the reporting year, special items mainly comprised reversals and additions to the provision for the efficiency program together with consulting costs associated with the program, as well as expenses and income from the disposal of investments. Consulting costs as well as income and expense from the disposal of investments are presented under “Reconciliation Group”.

In the prior year, special items included expenses for the efficiency program in the amount of €62.4 million (see Notes 9 and 25). Further, there were provisions and impairment charges in connection with the decision to withdraw from the Russian business in Engineering & Maintenance Europe (see Notes 3.1, 7, 9, 11 and 25) and income from the sale of a business operation in the Other Operations segment (see Notes 4.3 and 8).

2 General information

Bilfinger SE is a stock company in accordance with European law (Societas Europaea – SE) and, in addition to German stock corporation law, is also subject to specific SE regulations and the German law on implementing a European company as well as the German SE Employee Involvement Act. The company is registered with the Commercial Register of the Mannheim District Court under HRB 710296 and has its headquarters at Oskar-Meixner-Strasse 1, 68163 Mannheim, Germany. Bilfinger is an internationally oriented industrial services company, which offers engineering and other industrial services to customers in the process industry. The consolidated financial statements of Bilfinger SE for financial year 2023 were released for publication by the Executive Board on February 29, 2024. The consolidated financial statements of Bilfinger SE have been prepared in accordance with International Financial Reporting Standards (IFRSs), as they are to be applied in the European Union, and the complementary guidelines that are applicable pursuant to Section 315e Subsection 1 of the German Commercial Code (HGB), and are published in the commercial register. The consolidated financial statements have been prepared on a going concern basis and are presented in euros. All amounts are shown in millions of euros (€ million) unless stated otherwise.

Due to the rounding of figures, it is possible that individual amounts do not add up exactly to the stated total and that the percentages shown do not exactly reflect the absolute values to which they refer.

3 Accounting policies

3.1 Judgments and estimates

Judgments and estimates made by management can affect the measurement and disclosure of assets and liabilities and the reported amounts of revenue and expenses for the reporting period. Actual amounts may differ from the judgments and estimates made by management. Changes in these judgments and estimates could have a material impact on the consolidated financial statements.

Due to the global consequences of the Russia-Ukraine war, which are still not fully foreseeable, the estimates and discretionary decisions relating to assets and liabilities in particular are subject to increased uncertainty. Bilfinger took the decision in March 2022 to not accept any new orders in Russia. Applicable sanctions imposed on Russia are strictly adhered to and monitored on an ongoing basis. Our business activities in Ukraine are also being impacted by the war. As a result, provisions were established and impairment losses recognized in the Engineering & Maintenance Europe segment in the previous year, amounting to a mid-single-digit million euro amount in total (see also Notes 7, 11 and 25). The consequences of the ongoing war on the global economy, and therefore also on Bilfinger's business, can still not be forecast with reasonable certainty.

The most recent escalation of the conflict in the Middle East does not, in our view, have any material, direct impact on Bilfinger. We currently do not conduct any business activities in the region surrounding Israel and, although the future development of the conflict cannot be predicted with any degree of certainty, we assume that our locations and our customers in the Middle East will not be significantly impacted. We also do not expect any significant negative macroeconomic effects.

Our assessment of potential climate risks remains largely unchanged from the previous year. Bilfinger does not operate any plants or branches in particularly affected regions and also has a relatively low level of property, plant and equipment as a result of its business model. Against this backdrop, we do not expect any significant negative impact on our business or our net assets, financial position and results of operations arising from climate-related risks such as climate catastrophes, extreme climate change or the consequences thereof. Based on our current assessment, Bilfinger also does not have any customers that could themselves be so severely impacted by climate risks that this could result in significant negative impact or jeopardize Bilfinger's continued existence.

Within the framework of updating management judgments and estimates, all available information on expected economic developments and country-specific government countermeasures was included. This information was also included in the analysis of the recoverability and collectability of assets and receivables. With regard to the war between Russia and Ukraine, we do not currently anticipate any structural effects on our business activities either. A widening of the war, however, with a significant economic downturn as a result, could have a negative impact on the development of our business.

Further details on the impact of the war between Russia and Ukraine on our business activities can be found in sections *B.2 Economic report*, *B.3.2 Significant risks* and *B.4 Outlook* in the combined management report and in Notes 3.5 and 15.1.

3.2 New and amended IFRSs

The significant accounting policies applied generally correspond to those applied in the prior year, with the following exceptions:

New and amended IFRSs relevant to Bilfinger and applied as of January 1, 2023, are:

- IFRS 17 *Insurance Contracts* including amendments
- Amendment to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Principles*
- Amendment to IAS 8 *Definition of Accounting Estimates*
- Amendments to IAS 12 *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* and *International Tax Reform – Pillar 2 Model Rules*

The effects of these changes are as follows:

IFRS 17 *Insurance Contracts*

IFRS 17 was published in May 2017 and will replace IFRS 4 in the future for accounting for insurance contracts. IFRS 17 aims at unifying and standardizing recognition and measurement principles for insurance contracts. The standard stipulates three approaches to accounting for insurance contracts: Building Block Approach, Premium Allocation Approach and Variable Fee Approach. In June 2020, the initial application date was postponed to January 1, 2023. Initial application did not lead to any effects on the consolidated financial statements.

IAS 1 *Presentation of Financial Statements*

The further amendment to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* clarifies that, in the future, disclosures are only required on material accounting policies, not on only significant ones. Materiality is determined by the usefulness of the information for decision-making by the users of the financial statements. The changes did not lead to any effects on the consolidated financial statements.

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendment to IAS 8 *Definition of Accounting Estimates* includes clarifications on the distinction between accounting policies and accounting estimates in order to make it easier for entities to differentiate between the two. The distinction is critical because changes in accounting policies are generally accounted for retrospectively, while changes in accounting estimates are accounted for prospectively (initial application on January 1, 2023). The changes did not lead to any effects on the consolidated financial statements.

IAS *12 Income Taxes*

The amendment to IAS 12 *Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction* restricts the first-time adoption exception. Accordingly, it does not apply to transactions that give rise to deductible and taxable temporary differences of equal amounts upon initial recognition. The changes did not lead to any effects on the consolidated financial statements.

The further amendment to IAS 12 *International Tax Reform - Pillar 2 Model Rules* introduces a temporary exemption from the obligation to recognize deferred taxes resulting from the implementation of the Pillar Two rules (introduction of rules developed and published by the OECD for a global minimum taxation of large multinational groups, implementation in national law required), as well as specific disclosure requirements for affected companies. Bilfinger applies the mandatory exemption from the recognition of deferred taxes in connection with Pillar Two in accordance with IAS 12.88A and will disclose the actual tax expense in connection with Pillar Two income taxes separately in accordance with IAS 12.88B Pillar Two. In accordance with IAS 12.88C and 12.88D, in reporting years in which the national legislation has been substantially approved but not yet enacted, Bilfinger discloses known or reliably estimable information that enables users of financial statements to estimate the impact of the Pillar Two model rules or the resulting income taxes on the company.

IFRSs already published but not yet applied:

IFRS 16 *Leases*
The amendment to IFRS 16 *Lease Liability in a Sale and Leaseback Transaction* requires a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction so that it does not recognize any amount of gain or loss that relates to the right-of-use asset retained. The new requirements do not prevent a seller-lessee from recognizing gains or losses in profit or loss in connection with the partial or complete termination of a lease (to be applied for the first time on January 1, 2024).

IAS 1 *Presentation of Financial Statements*
The amendments to IAS 1 *Classification of Liabilities as Current or Non-Current* and *Non-Current Liabilities with Covenants*, which is a clarification of the former amendment, clarify that the classification of liabilities as non-current or current is based on the rights that the entity has at the reporting date. Liabilities are accordingly classified as non-current if, at the reporting date, the entity has a substantial right to defer settlement of the liability for at least 12 months, regardless of the intention to exercise the right. A review of a covenant of a non-current financial liability that takes place after the reporting date does not affect its classification at the reporting date. Additional disclosures in the notes to the financial statements have also been introduced. In October 2022, the initial application date was postponed to January 1, 2024.

IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*
The amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements* add disclosure requirements to finance arrangements with suppliers (reverse factoring) intended to enable users of financial statements to estimate the impact of these arrangements on the company's debt and cash flow and liquidity risk (initial application on January 1, 2024).

IAS 21 *The Effects of Changes in Foreign Exchange Rates*
The amendments to IAS 21 *Lack of Exchangeability* add rules for assessing the exchangeability between two currencies and determining the exchange rate if exchangeability does not exist (initial application on January 1, 2025).

As of the balance-sheet date, amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements* as well as IAS 21 *Lack of Exchangeability* had not yet been endorsed by the EU Commission as part of the endorsement process. Unless otherwise stated, the future application of the standards is unlikely to have any material effect on the financial position, cash flows or profitability of the Bilfinger Group. Bilfinger intends to apply those IFRSs as of the mandatory date of application insofar as they have been endorsed.

3.3 Significant accounting policies

Intangible assets with a finite life are capitalized at cost of acquisition and amortized over their expected useful lives on a straight-line basis. The expected useful life is generally regarded as being between three and eight years. Goodwill and intangible assets with an indefinite or unlimited useful life are subjected to regular annual impairment tests, which are also carried out during the year if there are indications of a lasting reduction in value.

Property, plant and equipment are valued at the cost of acquisition or production. Their loss in value is accounted for by systematic, straight-line depreciation, except in some exceptional cases where a different method of depreciation reflects the use of the asset more adequately. Production costs include all costs that are directly or indirectly attributable to the production process. Repair costs are always expensed as incurred.

Buildings are depreciated over a useful life of 20 to 50 years using the straight-line method. The useful life of technical equipment and machinery is generally between three and 20 years; other equipment including office and factory equipment is usually depreciated over three to 12 years.

For intangible assets and property, plant and equipment, an impairment charge is recognized wherever the recoverable amount of an asset has fallen below its carrying value. The recoverable amount is the higher of an asset’s fair value less cost of disposal (net selling price) and the present value of estimated future cash flows (value in use). If the reason for an impairment loss recognized in prior years no longer applies – except in the case of impaired goodwill – the carrying value is increased again accordingly, at the most up to the amount of the amortized cost of acquisition. Impairment tests are carried out at the level of the smallest cash-generating unit.

A lease is a contract that transfers the right to control the use of an identified asset for a period of time in exchange for consideration. A lessee generally has to recognize a right-of-use asset and a lease liability for all leases. Upon initial recognition, the lease liability is recognized in the amount of the present value of the lease payments that are not paid at the commencement date and that are due over the lease term. The lease term is determined considering extension or termination options, provided that the requirements of IFRS 16 for reasonable certainty of exercise or non-exercise are met. Lease payments to be taken into account during the lease term include fixed payments less lease incentives payable by the lessor, index-linked variable payments, expected amounts from residual value guarantees, exercise prices of purchase options if the exercise of the option was deemed reasonably certain, and penalties for termination of a lease if the exercise of the termination option was taken into account to determine the lease term. Discounting is carried out using the incremental borrowing rate at the commencement date. In the subsequent measurement, the carrying amount of the lease liability is increased by the interest expense and reduced by the lease payments made. The right-of-use asset is measured at cost at initial recognition. This corresponds to the amount of the lease liability less the lease incentives received from the lessor plus the lease payments to be made on or before the commencement date, the initial direct costs as well as the estimated costs for any restoration obligations. In the subsequent measurement, the right-of-use asset is recognized less accumulated depreciation and, if relevant, under consideration of impairment losses. The right-of-use asset is generally depreciated over the lease term using the straight-line method. If ownership of the underlying asset is transferred to the lessee at the end of the lease term or if the cost of the right-of-use asset includes payments for a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. Bilfinger makes use of the recognition exemption for leases of underlying assets of low value, i.e., for assets with a value when new that does not exceed the magnitude of €5 thousand, and for short-term leases. Lease payments from these leases are recognized as an expense using the straight-line method over the lease term.

Investments accounted for using the equity method – associates and jointly controlled entities – are valued with consideration of the prorated net asset change of the company as well as any impairments which may have been recognized.

Joint arrangements are contractual agreements in which two or more parties carry out a business activity under joint control. These include not only joint ventures, which also comprise construction consortiums, but also joint operations. The share of assets, liabilities, income and expenses of joint operations allocable to Bilfinger under the arrangement is recognized in the consolidated financial statements.

Deferred taxes are recognized for any deviations between the valuation of assets and liabilities according to IFRS and the tax valuation in the amount of the expected future tax charge or relief. In addition, deferred tax assets are recognized for the carryforwards of unused tax losses if their future realization is probable. Deferred tax assets and liabilities from temporary differences are offset provided that offsetting is legally possible.

The accounting for uncertain tax treatments is carried out in accordance with IFRIC 23. This clarifies the recognition and measurement requirements of IAS 12 in the event of uncertainty regarding income tax treatment. In accordance with the rules of IFRIC 23, depending on which approach better predicts the resolution of the uncertainty, it must be determined whether each uncertain tax treatment needs to be considered individually or together with one or more other uncertain tax treatments. It is assumed that the tax authorities will examine all uncertain tax treatments and have all relevant information at their disposal. On this basis, an assessment is conducted to determine whether it is probable that the tax authority will accept the uncertain tax treatment. If this is deemed probable, the taxable profit or loss, tax bases, unused tax losses and tax rates are determined in accordance with the treatment used in the income tax return. However, if it is not considered probable that the tax authorities will accept an uncertain tax treatment, the most likely amount, or, in the case of a large number of similar obligations, the expected value of the tax treatment in determining taxable profit or tax loss, tax bases, unused tax losses and tax rates should be used. Discretionary decisions and estimates are reviewed regularly to determine whether facts or circumstances have changed. Now that work on the introduction of a global minimum tax (OECD Pillar Two) has been completed at OECD level, these regulations are currently being incorporated into national law in a large number of countries in which Bilfinger operates. The goal is to ensure fair tax competition among countries and to prevent tax avoidance. This should ensure that the income of multinational corporations with revenue of more than €750 million is subject to a minimum tax rate of 15 percent. As a company that is affected, Bilfinger SE is closely following the legislative status of a global minimum tax in the impacted countries, is analyzing the current draft regulations with regard to their impact on the Group and is working on the necessary adjustments to the tax reporting processes. Given the complexity of the regulations, the analysis of the effects has not been completed at this time. It can currently be assumed that the regulations will not result in any significant additional tax burden for the Group.

Inventories of merchandise and real estate held for sale, finished and unfinished goods, raw materials and supplies are measured at cost of purchase or production or at net realizable value on the balance-sheet date if this is lower. If the net realizable value of inventories that were written down in the past has risen again, their carrying values are increased accordingly. Production costs include all costs that are directly or indirectly attributable to the production process. Overheads are calculated on the basis of normal employment. Financing costs are not taken into consideration.

Other assets comprise non-financial assets that are not allocated to any other balance-sheet item. They are measured at the lower of cost of acquisition or fair value.

The purchase, sale or withdrawal of treasury shares are recognized directly in equity. At the time of acquisition, treasury shares are entered in equity in the amount of the acquisition costs.

Provisions for pensions and similar obligations are measured for defined-benefit pension plans using the projected-unit-credit method, with consideration of future salary and pension increases. For significant pension plans, duration-specific interest rates used for discounting the obligation are applied to determine the current service cost and the net interest. As far as possible, pension-plan assets are set off. Net interest expense or income resulting from the net pension obligations is presented within financial income / expense. Actuarial gains or losses from pension obligations and gains or losses on the remeasurement of plan assets are recognized in other comprehensive income.

Other provisions are recognized if there is a present obligation resulting from a past event, its occurrence is more likely than not, and the amount of the obligation can be reliably estimated. Provisions are only recognized for legal or constructive obligations toward third parties. Provisions are measured at their settlement amounts, i.e., with due consideration of any price and / or cost increases, and are not set off against profit contributions. In the case of a single obligation, the amount of the most likely outcome is recognized as a liability. If the effect of the time value of money is material, provisions are discounted using the market interest rate for risk-free investments.

The amounts of provisions are estimated with consideration of experiences with similar situations in the past and of all knowledge of events up to the preparation of the consolidated financial statements. The general conditions can be very complex, in particular with provisions for risks relating to contracts and litigation as well as warranty risks. For this reason, uncertainty exists with regard to the timing and exact amounts of obligations.

Other liabilities comprise non-financial liabilities that are not allocated to any other balance-sheet item. They are measured at cost of acquisition or settlement value.

Financial instruments are contracts that simultaneously give rise to a financial asset of one entity and an equity instrument or financial liability of another entity. A financial instrument is to be recognized in the balance sheet as soon as an entity becomes a party to the contractual provisions of the instrument. Initial recognition – with the exception of trade receivables – shall be made at fair value and, in the case of financial assets and financial liabilities not measured at fair value through profit or loss, under consideration of transaction costs. At initial recognition, trade receivables are measured at the transaction price. Subsequent measurement of financial instruments is either at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income (with and without reclassification to profit or loss), depending on the classification of the instrument according to IFRS 9.

IFRS 9 divides financial assets on the basis of the intention to hold (“business model”) and the contractual cash-flow characteristics (“SPPI test”) into the following categories:

Category	Business model	Contractual cash-flow characteristics
Measurement at amortized cost (FA-AC)	Hold the financial assets to collect the contractual cash flows (hold)	Solely payments of principal and interest on specified dates (basic lending arrangement or receivable, SPPI)
At fair value through other comprehensive income – with reclassification to profit or loss (FA-FVtOCI-DI)	Hold the financial assets both to collect the contractual cash flows and to sell them (hold & sell)	Solely payments of principal and interest on specified dates (basic lending arrangement or receivable, SPPI)
Measurement at fair value through profit or loss (FA-FVtPL)	Held for trading or neither “hold” nor “hold & sell” (or application of the “fair value option”)	(not relevant)
	(not relevant)	Not solely payments of principal and interest on specified dates (derivative, equity instrument, convertible bond, etc.)
Measurement at fair value through other comprehensive income – without reclassification to profit or loss (FA-FVtOCI-EI)	Not held for trading (financial investments in equity instruments of other entities) and exercise of the option in accordance with IFRS 9.5.7.5	Equity instrument of another entity

For financial assets that are measured “at amortized cost” (FA-AC) or “at fair value through other comprehensive income with reclassification to profit or loss” (FA-FVtOCI-DI), impairments for expected credit losses (ECL) as well as interest income are to be recognized according to the effective-interest method.

The option in accordance with IFRS 9.4.1.4 and IFRS 9.5.7.5 for the classification of financial investments in the equity instruments of other entities as “measured at fair value through other comprehensive income without reclassification to profit or loss” (FA-FVtOCI-EI) can generally be irrevocably exercised separately for each individual equity instrument at the time of initial recognition. Bilfinger generally exercises the option for all shares held.

No use has been made of the option to designate financial instruments upon initial recognition to be measured at fair value through profit or loss (fair-value option).

Financial liabilities are divided into the following categories:

- Measurement at amortized cost (FL-AC)
- Measurement at fair value through profit or loss (FL-FVtPL)

Financial liabilities are to be generally classified as “measured at amortized cost” (FL-AC). Derivatives with negative market values and liabilities from contingent considerations recognized in a business combination in accordance with IFRS 3 are, however, to be classified as “measured at fair value through profit or loss” (FL-FVtPL).

Initial recognition of non-derivative financial assets is at the settlement date. Initial recognition of derivative financial instruments is at the trading date.

The amortized cost of a financial asset or a financial liability is the result of the carrying amount at initial recognition minus principal repayments, plus or minus the accumulated amortization of any differences between the original amount and the amount repayable at maturity under application of the effective-interest method as well as, for financial assets, adjusted for any loss allowance. With current receivables and liabilities, amortized cost is equal to the nominal value or the redemption amount.

Expected credit losses are the credit losses weighted with their respective probabilities (difference between all contractual payments and the expected incoming payments, discounted using the original effective interest rate). The calculation of the default probabilities as a significant input variable for the determination of expected credit loss is carried out on the basis of external, debtor-specific ratings. For trade receivables (including receivables from partial payment invoices and work in progress) as well as receivables from leases, the expected credit losses are measured over the entire term. With all other financial assets for which impairments for expected credit risks are to be recognized, the time horizon to be considered for the determination of impairment depends on the risk of default or its change since initial recognition. If the default risk since initial recognition has not increased significantly, the time horizon is 12 months. Otherwise, the time horizon to be considered corresponds to the entire residual period (lifetime). Financial assets with a low default risk are those with a rating in the “investment grade” range. Bilfinger assumes that there is a significant increase in the default risk since initial recognition if the external rating worsens by at least one bandwidth (that means, for example, from “investment grade / lower medium grade“ to “non-investment grade“ or from “non-investment grade“ to “highly speculative“) as compared to the rating score at initial recognition and if it is below “investment grade”. Default events include, for example, the insolvency of the issuer of the financial asset (in contrast to a foreseeable insolvency). Default events are generally defined on the basis of the external rating (“in default with little prospect for recovery” and worse). In addition, on the basis of experience to date (in particular payment behavior in certain countries and regions as well as the nature of our business and our customers), it is assumed there is a default event after an overdue period of 365 days or more. A financial asset is credit-impaired when one or more events that have a detrimental impact on its estimated future cash flows have occurred. Indicators for credit impairment include, among other things, information on the following observable events: significant financial difficulties of the issuer or borrower, breach of contract, such as, for example, default or past due event, concessions such as deferral or reduction of payments, and foreseeable insolvency or other financial reorganization.

Fair value is the (market) price that could be obtained on the hypothetical transfer of a certain asset or a certain liability in an orderly (market) transaction in the respective accessible primary market or in the most advantageous market between market participants at the measurement date. For the measurement of fair value, the valuation technique is to be applied which is the most appropriate to the given circumstances and which makes use of as much objective and / or observable information as possible. Depending on the type of asset or liability to be measured, this is the market-price method (e.g., for traded financial instruments), the replacement method (e.g., for property, plant and equipment) or the discounted-cash-flow method (e.g., for OTC derivatives and shares in non-listed companies). For investments with an immaterial carrying amount, the acquisition cost (taking into account any impairment losses) is considered to be the best estimate of fair value.

Equity interests shown under other non-current financial assets are classified at fair value through other comprehensive income – without reclassification to profit or loss” (FA-FVtOCI-EI). For financial assets classified as FA-FVtOCI-EI, unrealized gains and losses from changes in fair value are recognized, with due consideration of deferred taxes, in retained earnings (reserve from the market valuation of equity instruments).

Receivables and other financial assets are measured at amortized cost, with the exception of derivative financial instruments. A loss allowance is recognized for expected credit losses. Irrecoverable receivables are written off.

Trade receivables (including receivables from partial payment invoices and services not yet invoiced) are valued at initial recognition with the transaction price of the (partially) met performance obligations. Unconditional rights to consideration from customers are presented as receivables, even if the corresponding performance obligation was not (yet) fully met. (Partially) settled performance obligations for which there is not yet an unconditional right to consideration are recognized as customer contract assets (services not yet invoiced). The amount of the recognized receivables, which exceeds the amount of the recognized revenue of the corresponding performance obligation, is recognized as a customer contractual liability. Payments received that exceed the amount of the realized revenue of the corresponding performance obligation are also recognized as a customer contractual liability.

Present obligations from onerous contracts with customers are, in accordance with IAS 37, recognized at the time they become known in their full amount and are presented as provisions.

Listed securities are measured at fair value. Non-listed securities are measured at fair value using a suitable valuation technique. Changes in the market prices of securities held for trading (FA-FVtPL) are recognized in profit or loss. Market-value changes in securities that are measured at fair value through profit or loss with reclassification to profit or loss (FA-FVtOCI-DI) are, with due consideration of deferred taxes, presented in other reserves (reserve from the market valuation of securities).

Cash and cash equivalents, primarily comprising cash at banks and cash in hand, are measured at amortized cost (FA-AC).

Financial liabilities primarily comprise financial debt as well as trade and other payables. With the exception of derivative financial instruments, they are measured at amortized cost (FL-AC).

Derivative financial instruments are used solely to hedge against interest-rate and currency exchange-rate risks. Purely speculative transactions without an underlying basic transaction are not undertaken. The most important derivative financial instruments are currency futures. In accordance with IFRS 9, derivative financial instruments are recognized at their fair values as assets (positive fair value) or liabilities (negative fair value). The fair values of the derivatives used are calculated on the basis of recognized financial-mathematical methods (discounted cash-flow method). Derivative financial instruments that are not related to a hedging instrument as defined by IFRS 9 are deemed to be financial assets or financial liabilities held for trading (FA-FVtPL or FL-FVtPL). For these financial instruments, changes in fair value are recognized through profit or loss. No derivative financial instruments are currently designated as hedging instruments in hedging relationships in accordance with IFRS 9.

Share-based payments as defined by IFRS 2 are measured on the basis of the share price on the balance-sheet date with consideration of a discount due to the lack of dividend entitlement. Here, the Monte Carlo Simulation method is also used. Expenses from share-based payments are recognized on a pro-rata basis in the relevant vesting period. In accordance with the provisions for equity-settled share-based remuneration, the offsetting entry is made in equity; in the case of share-based remuneration for members of the Executive Board, in the capital reserve, and in the case of other share-based remuneration, in retained earnings.

Non-current assets held for sale and disposal groups as well as related liabilities are classified as such and presented separately in the balance sheet. Assets are classified as held for sale if the carrying amounts are primarily to be realized through a sale transaction rather than through continuing use. The sale must be highly probable and the assets or disposal groups must be immediately sellable in their present condition. These assets and disposal groups are measured at the lower of carrying amount or fair value less cost to sell, and are no longer systematically depreciated or amortized. Impairment losses are recognized if the fair value less cost to sell is lower than the carrying amount. Any reversals of impairment losses due to an increase in fair value less cost to sell are limited to the previously recognized impairment losses. Impairment charges allocated to the carrying amount of goodwill are not reversed.

Assets and liabilities of discontinued operations are treated as disposal groups. A discontinued operation is a separate major line of business or geographical area of operations which is held for sale. In addition, earnings after taxes from discontinued operations are presented separately in the income statement.

Revenue from contracts with customers is recognized when the performance obligations have been satisfied, i.e., with the transfer of the contractually agreed goods or services to the customer (transfer of control to the customer). Performance obligations can be satisfied over a certain period (revenue recognition over time) or at a certain point in time (revenue recognition at a point in time). Bilfinger satisfies its performance obligations in the project and services businesses almost exclusively over a certain period of time in the course of the service provision. Depending on reliability, the measurement of progress for this type of performance obligations is carried out on the basis of the ratio of the revenue already delivered at the end of the reporting period to the total revenue to be delivered (output oriented) or on the basis of the ratio of costs already incurred to the estimated total contract costs (cost-to-cost method). If the outcome of a performance obligation satisfied over time cannot be reasonably measured, revenue is calculated using the zero-profit method in the amount of the contract costs incurred and probably recoverable. Revenue from the sale of goods is recognized at the time of delivery to the customer (transfer of significant risks and rewards of ownership). As a lessor, Bilfinger recognizes lease income from operating leases in accordance with IFRS 16 on a straight-line basis over the lease term.

In the services business, in accordance with the contractual arrangements, there is typically a monthly invoice with the usual payment targets of 30 to 60 days, with some longer payment targets also agreed. In the project business, we generally seek advance payments so that the project, over the course of its execution, does not show a negative cash position; this, however, depends on the specific compensation structure and is not always achievable. Invoicing in the project business is also often tied to the achievement of certain milestones or project progress. Performance-related compensation components play only a minor role.

A description of the type of contractually agreed goods or services can be found in the disclosures on segment reporting.

There are no significant redemption, reimbursement or similar obligations.

The warranties granted by Bilfinger to customers generally comply with the legal requirements on liability for defects and thus do not represent expanded guarantees (independent performance obligations). Provisions are established for corresponding identifiable obligations.

In general, the transaction price corresponds to the contractually agreed consideration. Variable consideration components are such parts of the consideration that are not fixed in terms of the amount at the contract signing. Examples of variable consideration components are discounts, rebates, reimbursements, credits, bonuses, penalties (i.e., price reduction), escalation clauses and indexing processes. Variable consideration components are measured either as the probability-weighted expected value or the most likely amount, depending on which method provides the better estimated value. The measurement of the variable consideration component is limited to the amount which is highly probable to be achieved. An adjustment to the consideration for effects of the time value of money is carried out when the contractually agreed price deviates significantly from the cash selling price because the service provision by Bilfinger and the payment by the customer deviate significantly in terms of time (time lag of more than one year) and the market interest rate shows a relevant magnitude (greater than 3 percent).

If a customer contract comprises several separate performance obligations, the transaction price is allocated to the individual separate performance obligations in relation to the relative stand-alone selling prices of the relevant separate performance obligations. The stand-alone selling price of a separate performance obligation corresponds to the price at which the separate performance obligation alone would have been sold to the customer. If there is no directly observable selling price, this is to be estimated as best as possible using the available information, e.g., on the basis of common market prices or production costs plus an appropriate margin.

Development expenses are to be capitalized as internally generated intangible assets if the corresponding criteria in accordance with IAS 38 are met. This is generally not the case at Bilfinger. In the reporting period, research and development expenses of €3.8 million (previous year: €4.5 million) were recognized. These were mainly attributable to the industrial projects of our customers and digitalization.

Borrowing costs that can be directly allocated to the acquisition, construction or production of an asset which requires a considerable period of time to be put into its intended condition for use or for sale are capitalized as part of that asset's cost of acquisition or production. All other borrowing costs are expensed in the period in which they are incurred. In the year under review, no borrowing costs were capitalized, as in the prior year.

Summary of selected measurement methods:

Balance-sheet items	Measurement method
Goodwill and intangible assets with an indefinite or unlimited useful life	Cost of acquisition (no amortization, regular and indication-induced impairment tests)
Intangible assets with a specific useful life	Amortized cost (straight-line amortization, indication-induced impairment tests)
Property, plant and equipment	Depreciated cost of acquisition or production (systematic depreciation, normally straight-line, indication-induced impairment tests)
Right-of-use assets from leases	Amortized cost (present value of the lease payments, depreciation, generally straight-line, indication-induced impairment tests)
Investments accounted for using the equity method	Cost of acquisition increased and reduced by the proportionate change in net assets (indication-induced impairment tests)
Equity interests	Fair value
Securities (FA-FVtPL, FA-FVtOCI-DI, FA-FVtOCI-EI)	Fair value
Inventories	Lower of cost of acquisition or production or net realizable value
Trade receivables (work in progress) and services not yet invoiced	Percentage-of-completion method, amortized cost
Loans granted and receivables	Amortized cost (effective-interest method, impairment for expected credit losses)
Other assets	Lower of cost or fair value
Treasury shares	Cost of acquisition
Provisions for pensions and similar obligations	Projected-unit-credit method less plan assets
Other provisions	Settlement amount
Financial debt and other financial liabilities	Amortized cost (effective-interest method)
Other liabilities	Cost or settlement amount
Derivative financial instruments (FA-FVtPL, FL-FVtPL)	Fair value
Deferred taxes	Undiscounted assessment on the basis of the tax rates expected to be applicable for the period in which an asset is realized or a liability is settled
Assets held for sale / liabilities in disposal groups	Lower of carrying amount upon classification or fair value less cost to sell (no systematic amortization / depreciation, indication-induced impairment tests)

3.4 Assumptions and estimates

With the preparation of the consolidated financial statements, to a certain extent it is necessary to make assumptions and estimates that have an effect on the amounts and valuations shown in the Group's balance sheet and income statement as well as on the contingent liabilities for the reporting period.

The assumptions and estimates are the result of premises that are based on currently available knowledge. If future developments differ from these assumptions, the actual amounts may differ from the originally anticipated estimates. This is relevant in particular with respect to the continued high level of uncertainty surrounding Russia's attack on Ukraine and the conflict in the Middle East. For more information on this and on climate risks, please refer to Note 3.1.

The assumptions and estimates primarily relate to evaluations of the following items:

- Revenue from performance obligations satisfied over a certain period of time (percentage-of-completion method): With the use of the percentage-of-completion method, estimates have to be made with regard to the percentage of completion, the contract costs to complete the contract and the total contract revenue. Changes in those estimates can lead to an increase or decrease in revenue for the period. The revenue realized in accordance with IFRS 15 was almost exclusively realized over a specific time period. Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of individual projects and influencing factors.
- Impairments for expected credit losses on financial assets measured at amortized cost: The recognition of expected credit losses is based primarily on the assessment of the default probability of the individual receivables and / or loans. The default probabilities are calculated to as great an extent as possible on the basis of external ratings. An increase in the default probability would have a direct impact on the amount of the impairments that have to be recognized. The development of impairments for expected credit losses is presented in Notes 19 and 21.
- Provisions for pensions and similar obligations: Provisions for pensions and similar obligations are measured actuarially with consideration of future developments. These measurements are primarily based on assumptions regarding discount rates, expected salary trends, pension trends and life expectancies. See Note 24 for details of the assumptions made and possible risks.
- Other provisions: The recognition of provisions for risks relating to contracts and litigation as well as warranty risks, personnel-related obligations, restructuring measures and other uncertain liabilities to a great extent involves estimates by Bilfinger. These estimates can change as a result of new information, for example with ongoing project progress or with the status of proceedings. The actual cash outflows or expenses can deviate from the original and updated estimates and can affect profit or loss accordingly. Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of facts and relevant factors.

- Income tax: Bilfinger is active in numerous tax jurisdictions. The tax items presented in the consolidated financial statements are calculated with consideration of the respective tax laws and of the relevant administrative judgments, and, due to their complexity, may be subject to deviating interpretations by taxable entities on the one hand and by local fiscal authorities on the other. Deferred tax assets are recognized if sufficient taxable income is available in the future. Among other things, the factors considered include the planned earnings from operating activities, the impact on earnings of the reversal of taxable temporary differences, and possible tax strategies. On the basis of the planned future taxable income, Bilfinger's management assesses the measurement of deferred tax assets at the end of each reporting period. As future business developments are uncertain, assumptions are required on estimates of future taxable income and on the time when deferred tax assets can be utilized. Estimated amounts are adjusted during the period if there are sufficient indications that an adjustment is necessary. If the management assumes that deferred tax assets cannot be realized, either partially or in full, they are impaired by the appropriate amount.
- Goodwill impairment: Bilfinger tests goodwill for impairment at least annually. Determining the recoverable amount of a cash-generating unit to which goodwill is allocated involves estimates by the management. It is equivalent to the value in use resulting from the discounted cash flows calculated on the basis of financial planning approved by the management. To prepare these estimates, management always uses the currently available and, according to management's perspective, relevant information. See Note 15.1 of the notes to the consolidated financial statements for further details.
- Leases: In determining the lease term, all facts and circumstances that could constitute an economic incentive to exercise extension options or not to exercise termination options are assessed. Adjustments to these evaluations have an impact on the lease liability and the right-of-use asset. For further explanations on potential payments from leases after extension or termination options, we refer to Note 17 of the notes to the consolidated financial statements.

3.5 Principles of consolidation

Capital consolidation takes place by offsetting the price of acquisition against the Group's interest in the newly valued equity of the consolidated subsidiaries at the date of acquisition or first-time consolidation. The assets, liabilities and contingent liabilities of the subsidiaries are entered at their full current fair values irrespective of the size of the minority interest. With each acquisition, there is a special option of electing to recognize minority interest at fair value or at the relevant proportion of net assets. Acquisition-related costs are expensed. In the case of an acquisition achieved in stages (step acquisition), equity interests previously held are remeasured through profit or loss. Contingent consideration is recognized at the time of acquisition at fair value and in following periods is measured at fair value through profit or loss. Any goodwill ensuing from first-time consolidation is capitalized and subjected to an annual impairment test in accordance with IFRS 3 / IAS 36. Any negative goodwill is recognized in profit or loss immediately after acquisition. At deconsolidation, the residual carrying amounts of goodwill are taken into consideration in the calculation of the gain or loss on disposal.

Changes in an equity interest that do not lead to a loss of control are treated as transactions between equity holders and reported within equity. Such transactions lead to the recognition neither of goodwill nor of any disposal gains. In the case of a sale of equity interest that leads to a loss of control, the remaining equity interest is remeasured at fair value through profit or loss and the accumulated other comprehensive income previously recognized in connection with the investment is reclassified to profit or loss or, if it is an actuarial gain or loss, to retained earnings.

Losses attributable to the non-controlling interest are fully attributed to the non-controlling interest, even if this results in a negative carrying amount.

Investments accounted for using the equity method are measured at cost of acquisition plus the prorated change in net assets, whereby any goodwill is included in the carrying amount of the investment. Upon losing a significant influence or losing joint control, the remaining equity interest is remeasured at fair value through profit or loss.

Receivables, liabilities, income and expenses between consolidated companies have been offset. Non-current assets and inventories resulting from Group revenue have been adjusted to exclude any inter-company profits. Deferred taxes from consolidation processes affecting profit have been accrued / deferred.

3.6 Currency translation

In the consolidated financial statements, the assets and liabilities of the accounts prepared in foreign currencies are translated using the average exchange rate at the end of the reporting period; expenses and income are translated using the average exchange rate for the year. The aggregate differences compared with translation at the end of the reporting period are entered separately under other comprehensive income.

Currency translation took place using the following significant exchange rates:

€ 1 =		Annual average		At December 31	
		2023	2022	2023	2022
United Kingdom	GBP	0.8698	0.8529	0.8691	0.8869
Canada	CAD	1.4598	1.3698	1.4642	1.4440
Qatar	QAR	3.9481	3.8627	4.0300	3.9086
Kuwait	KWD	0.3324	0.3227	0.3397	0.3260
Norway	NOK	11.4241	10.1046	11.2405	10.5138
Poland	PLN	4.5417	4.6878	4.3480	4.6899
Saudi Arabia	SAR	4.0574	3.9560	4.1458	4.0024
Sweden	SEK	11.4729	10.6327	11.0960	11.1218
Switzerland	CHF	0.9716	1.0045	0.9260	0.9847
South Africa	ZAR	19.9596	17.2147	20.3477	18.0986
Czech Republic	CZK	24.0061	24.5637	24.7250	24.1150
United Arab Emirates	AED	3.9719	3.8699	4.0603	3.9116
United States	USD	1.0817	1.0529	1.1050	1.0666

4 Consolidated group

4.1 Changes in the consolidated group and inclusion

A total of 17 (previous year: 21) companies in Germany and 65 (previous year: 69) companies based outside of Germany are included in the consolidated financial statements. In the reporting year, 1 international company was consolidated for the first time. In addition, 4 companies (previous year: 1 company) in Germany and 5 companies (previous year: 0 companies) based outside of Germany were no longer included in the consolidated group due to a sale or merger. A further 13 (previous year: 13) companies have been accounted for using the equity method. In the reporting year, 0 investments in companies accounted for using the equity method were included for the first time (previous year: 2), while 0 investments in companies accounted for using the equity method were excluded (previous year: 3). Also included were 7 (previous year: 8) German construction joint ventures accounted for using the equity method and 3 (previous year: 3) international joint ventures.

In general, all subsidiaries are fully consolidated with the exception of, in particular, inactive companies such as shelf companies and companies in liquidation. Subsidiaries are all entities that are controlled directly or indirectly by Bilfinger SE. Bilfinger controls an investee where Bilfinger has power over the investee, is exposed to or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. This is generally the case where Bilfinger has more than half of the voting rights of a company or where, as an exception, Bilfinger is able in another way to exercise power over an investee on the basis of contractual arrangements or the like for purposes of influencing the returns to which Bilfinger is entitled.

Associates are accounted for using the equity method. An associate is an entity over which the Group has significant influence by participating in its financial and business policy, but which is not controlled by the Group. Significant influence is generally presumed when Bilfinger has voting rights of 20 percent or more. Joint ventures are also accounted for using the equity method. A joint venture exists where the owners contractually agree to control the arrangement jointly and the shareholders have rights to the arrangement’s net assets.

Information disclosed pursuant to Section 313 Subsection 2 of the German Commercial Code (HGB) is summarized in the list of subsidiaries and equity interests. That list also includes a definitive list of all subsidiaries that make use of the disclosure exemption pursuant to Section 264 Subsection 3 HGB as well as Section 264b HGB.

As of the balance-sheet date, there were no significant minority interests in the Group with respect to its equity. The list of subsidiaries and equity interests shows the subsidiaries in which minority interests were held.

Furthermore, the Group was not subject to any significant restrictions regarding access to or the use of subsidiaries’ assets.

4.2 Acquisitions

In financial year 2023, all of the shares of the Dutch piping construction and mechanical engineering company De Bruin Piping & Construction B.V., Brielle, Netherlands, were acquired (Region *Belgium & Netherlands*).

In the previous year, the activities of an electronics and automation company were acquired in an asset deal (*Eastern Europe*).

These acquisitions had the following effects as of the acquisition date:

EFFECTS AT THE TIME OF ACQUISITION

in € million	Dec 31, 2023	Dec 31, 2022
Recognition of goodwill	7.1	–
Recognition of intangible assets from acquisitions	3.1	–
Recognition of other intangible assets	–	–
Recognition of property, plant and equipment	0.3	0.1
Recognition of right-of-use assets	1.7	–
Recognition of inventories	0.2	–
Recognition of receivables and other financial assets	6.1	–
Recognition of other assets	0.1	–
Recognition of cash and cash equivalents	0.4	–
Recognition of total assets	**19.0**	**0.1**
Recognition of financial debt	1.7	–
Recognition of deferred taxes	0.8	–
Recognition of trade and other payables	2.6	–
Recognition of other liabilities	1.1	–
Recognition of total liabilities	**6.2**	**–**
Purchase price	12.8	0.1

Goodwill resulting from acquisitions is mainly attributable to the qualified personnel taken over, because the workforce does not represent an identifiable asset that can be recognized separately from goodwill. This is not deductible for tax purposes. Revenue recognized in the consolidated financial statements was €18.6 million and earnings after taxes were -€0.2 million. This includes amortization of intangible assets from acquisitions in the amount of €1.1 million. Since the beginning of the reporting period, the acquired company has generated revenue and earnings after tax of €22.6 million and -€0.1 million, respectively.

4.3 Disposals

In financial year 2023, the subsidiary Bilfinger Tebodin Rus, LLC, Moscow, Russia, was sold from the *Eastern Europe* region.

In the previous year, within the framework of an asset deal, business operations of the subsidiary Bilfinger Prefal – Isolamentos Térmicos, Unipessoal Lda, Lisbon, Portugal, were sold from *Other Operations*.

The overall effects of the sales were as follows:

EFFECTS AT THE TIME OF SALE

	2023	2022
Disposal of other assets	-0.2	-5.4
Disposal of cash and cash equivalents	-0.7	0.0
Disposal of assets	**-0.9**	**-5.4**
Disposal of other liabilities	0.9	0.0
Disposal of liabilities	**0.9**	**0.0**
Disposal of net assets	**0.0**	**-5.4**
Derecognition of minority interest	0.0	0.0
Disposal of intercompany receivables / revival of liabilities	0.0	0.0
Reclassification of other comprehensive income to the income statement	0.1	0.0
Other changes	**0.1**	**0.0**
Selling price less selling-transaction expenses	0.0	8.1
Capital gain / loss after selling-transaction expenses	0.1	2.7

The capital gain / loss was presented in other operating income and expense.

Assets disposed of in the previous year mainly comprise property, plant and equipment, inventories and customer contract assets. The selling price included a receivable of €0.3 million, while selling-transaction expenses were €0.8 million.

4.4 Changes in ownership interest without change in control

Due to changes in equity interests in consolidated subsidiaries that did not lead to the gain or loss of control, retained earnings decreased by €0.2 million (previous year: €0.8 million).

5 Discontinued operations and disposal groups

5.1 Earnings from discontinued operations

Discontinued operations comprise:

- the disposed divisions Building, Facility Services and Real Estate from the former Building and Facility Services business segment,
- the disposed and abandoned construction activities, including the disposed significant portion of the former Offshore Systems and Grids division.

In accordance with the provisions of IFRS 5, the investments put up for sale have been recognized as discontinued operations as of the time of reclassification:

- In the consolidated balance sheet, the affected assets and liabilities (disposal group) are presented separately under assets classified as held for sale and liabilities classified as held for sale.
- In the consolidated income statement, the income and expenses of discontinued operations are presented separately from the income and expenses of continuing operations, and are summarized separately in one item as earnings after taxes from discontinued operations.

- In the consolidated statement of cash flows, cash flows from discontinued operations are also presented separately from the cash flows from continuing operations.

Since the dates of their reclassification, non-current assets classified as held for sale have no longer been subject to depreciation or amortization and subsequent measurement according to the equity method was ceased for the investments accounted for using the equity method. The amounts in the consolidated income statement and the consolidated statement of cash flows for the prior-year period have been adjusted accordingly. Earnings from discontinued operations were fully attributable, as was the case in the prior-year period, to the shareholders of Bilfinger SE and are comprised as follow:

	2023	2022
Revenue	0.8	0.8
Expenses / income	-3.1	1.2
Capital gain / loss including impairment	0.0	0.0
EBIT	**-2.3**	**2.0**
Interest result	3.4	1.6
Earnings before taxes	**1.1**	**3.6**
Income tax	2.4	-3.7
Earnings after taxes	**3.5**	**-0.1**

The material contribution to earnings in the reporting period resulted from the reversal of provisions for tax risks following clarification of existing uncertainties.

5.2 Assets classified as held for sale and liabilities classified as held for sale

There were no disposal groups as of the balance-sheet date, as was also the case as of December 31, 2022.

Notes to the income statement

6 Revenue

The segment reporting depicts a classification of revenue by reporting segment and geographic region. The table below shows the distribution of revenue by customer industry and order type for each reporting segment.

SHARE OF REVENUE BY INDUSTRY AND CONTRACT TYPE	Engineering & Maintenance Europe		Engineering & Maintenance International		Technologies	
	2023	2022	2023	2022	2023	2022
in %						
Share industry						
Petrochemicals & chemicals	40	40	10	20	10	15
Energy & utilities	10	10	10	10	30	35
Oil & gas	20	25	15	10	5	10
Pharma & biopharma	5	5	0	0	50	35
Metallurgy	10	5	0	0	0	0
Cement	0	0	0	0	0	0
Other	15	15	65	60	5	5
Share contract type						
Framework and service contracts	80	75	70	60	5	5
Projects and component manufacturing	20	25	30	40	95	95

Revenue in other industrial sectors is primarily attributable to the categories of construction and real estate activities, education and the process industry, particularly food and pulp & paper.

Of this revenue, €52.0 million (previous year: €49.3 million) was realized in accordance with IFRS 16. This relates primarily to the short-term leasing of scaffolding. The revenue realized in accordance with IFRS 15 was almost exclusively realized over a specific time period.

Of the revenue recognized in the financial year in accordance with IFRS 15, €192.3 million (previous year: €121.3 million) was included in the opening balance of liabilities under customer contracts (see Note 27). Furthermore, revenue recognized in the reporting year in the amount of €4.5 million (previous year: €3.6 million) includes proceeds from performance obligations that were fully or partially met in the previous years (e.g., from approved claims, termination of the application of the zero-profit method, etc.).

As of the balance-sheet date, the expected future revenue from performance obligations not yet completely fulfilled (order backlog excluding expected future call-offs from framework agreements) amounts to €1,722.2 million (previous year: €2,631.9 million); as anticipated, €1,277.3 million (previous year: €2,242.9 million) of this amount is expected to be recognized in the coming financial year and the remaining amount in subsequent financial years.

7 Impairments and reversals in accordance with IFRS 9

The impairments and reversals shown represent the expected credit losses in accordance with IFRS 9 and relate primarily to trade receivables, including receivables from partial payment invoices and work in progress (see Note 21).

Compared to December 31, 2022, the weighted average rating improved and, accordingly, the weighted average probability of default decreased.

In the previous year, impairment losses of €0.6 million were recognized on receivables in connection with the Russia-Ukraine war (see Note 3.1).

8 Other operating income

	2023	2022
Income from the disposal of tangible assets	14.2	12.2
Income from currency translation and hedging	2.2	7.2
Income from operating investments	0.5	2.9
Income from the reversal of other provisions	0.6	4.6
Other income	16.1	2.6
Total	33.5	29.4

In the reporting year and prior year, income from the disposal of property, plant and equipment resulted mainly from the sale of properties and structures.

Income from operating investments includes for the most part income from the sale of subsidiaries and investments accounted for using the equity method (see Note 4.3).

In addition to the reversal of provisions for the efficiency program in the amount of €6.9 million and reversals of impairment losses on previously impaired right-of-use assets in the amount of €1.6 million, other income also includes numerous items of minor individual importance.

9 Other operating expense

	2023	2022
Restructuring expenses	0	65.7
Expenses from currency translation and hedging	7.5	11.6
Expenses from additions to other provisions	0.2	2.4
Losses on the disposal of property, plant and equipment	0.5	0.5
Expenses from operating investments	1.9	0.2
Other expenses	2.5	5.5
Total	12.4	85.9

Restructuring expenses mainly include costs for workforce reductions. In the previous year, this figure mainly included expenses of €62.4 million in connection with the efficiency program (see Note 25) and expenses from the recognition of provisions due to the effects of the Russia-Ukraine war (see Note 3.1).

Expenses from operating investments primarily include losses from the disposal of and impairments to investments (see Notes 4.3 and 5.2).

Other expenses include a large number of items which, individually, are of minor importance.

10 Personnel expenses and average number of employees

The following table shows personnel expenses as well as the average number of employees.

	2023	2022
Personnel expenses (€ million)	**1,984.0**	**2,046.4**
Wages and salaries	1,641.7	1,704.9
Social security costs	287.1	288.2
Pension obligation expenses	55.2	53.3
Average number of employees		
Salaried	**10,215**	**10,146**
Germany	2,936	3,041
International	7,279	7,105
Industrial employees	**18,239**	**19,892**
Germany	3,124	3,093
International	15,115	16,799
Total employees	**28,454**	**30,038**

The total number of employees relates to continuing operations.

11 Depreciation, amortization and impairments

Scheduled amortization of intangible assets from acquisitions was carried out in the amount of €1.1 million (previous year: €0.0 million). This is reported in the cost of sales.

Depreciation of property, plant and equipment and the amortization of other intangible assets amount to €48.5 million (previous year: €48.5 million). This includes impairment losses in the amount of €0.3 million (previous year: €0.5 million). Depreciation and amortization on right-of-use assets from leases are €51.7 million (previous year: €50.2 million). This includes impairment losses of €0.8 million (previous year: €0.5 million). Other operating income also includes reversals of impairment losses on previously impaired right-of-use assets in the amount of €1.6 million.

12 Interest income and expense and other financial result

Interest income and expense and other financial result comprise the following items of the income statement:

	2023		2022	
Interest income		**19.6**		**5.7**
Current interest expense		-29.1		-20.2
Interest expense from lease liabilities (IFRS 16)		-7.1		-5.4
Interest expense from defined-benefit obligation (DBO)	-12.9		-3.7	
Interest income on plan assets	4.0	-8.8	1.0	-2.7
Interest expense		**-45.0**		**-28.3**
Income on securities		0.7		-0.5
Interest expense for minority interest		-1.8		-0.9
Other financial result		**-1.0**		**-1.4**
Total		**-26.4**		**-23.9**

Interest income is generally earned on deposits of cash and cash equivalents with variable interest rates (FA-AC). Higher investment interest rates in the reporting period resulted in higher interest income. In both the reporting year and the previous year, interest income was also generated by interest on tax receivables.

Current interest expense is mainly incurred on financial debt with fixed and variable interest rates (see Note 26). The interest coupon on the bond remains unchanged at 4.500 percent. In April 2022, tranches of the promissory note loans with a nominal value of €9.0 million were repaid as scheduled. To refinance the bond maturing in June 2024, Bilfinger issued promissory note loans with a total volume of €175 million in June 2023. There are four tranches with terms of three and five years with both fixed and variable interest rates (see note 26). Given the rise in interest rates, net interest expenses from pensions increased significantly compared to the same period in the previous year.

The interest expense for minority interest reflects the share in profits of the minority interest, which is classified as borrowing due to contractual regulations, in particular preemption rights pursuant to IAS 32.

13 Income tax

Income taxes are the taxes on income and earnings paid, owed or deferred in the various countries. The calculations are based on the expected tax rates in those countries at the time of realization. Those expected tax rates are derived from the statutory regulations that are in force or enacted at the end of the reporting period.

	2023	2022
Current taxes	29.0	8.3
Deferred taxes	-47.3	12.1
Total	**-18.3**	**20.4**

The tax expense calculated with the tax rate of Bilfinger SE can be reconciled with the reported tax expense as follows:

	2023	2022
Earnings before taxes	163.3	51.5
Theoretical tax expense at 30.95%	50.6	16.0
Tax-rate differences	-10.3	-5.5
Tax-rate effects of non-deductible expenses and tax-free income	6.9	0.7
Losses for which no deferred tax assets are capitalized and changes in value adjustments	-59.4	21.8
Taxes from other accounting periods and other income taxes	-6.1	-12.6
Taxes on income and earnings	-18.3	20.4

The combined income tax rate for Bilfinger SE was 30.95 percent, as in the prior year, consisting of corporate income tax at a rate of 15 percent and the solidarity surcharge, which is levied at a rate of 5.5 percent of the applicable corporate income tax, as well as trade tax at an average municipal multiplier of 432 percent.

Deferred tax assets and deferred tax liabilities are distributed among the items of the balance sheet as follows:

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Intangible assets	7.5	9.2	26.7	26.4
Property, plant and equipment	4.6	3.3	7.9	9.8
Right-of-use assets from leases	0	–	29.5	30.4
Financial assets	1.9	9.8	27.4	29.7
Inventories	77.9	68.0	0.0	0.1
Receivables and other financial assets	5.7	5.3	84.5	78.6
Other assets	2.6	2.9	0.7	0.4
Non-current liabilities	51.8	71.8	0.4	0.3
Current liabilities	55.2	54.9	40.0	37.4
Outside basis differences	0	–	0.5	0.4
Tax-loss carryforwards	417.1	460.0	0	–
Other tax credits	6.9	11.7	0	–
Total gross	**631.2**	**696.9**	**217.6**	**213.5**
Unrecognized DTA	-341.6	-458.2	0	–
Offsetting	-201.6	-202.7	-201.6	-202.7
Carried in the balance sheet	**87.9**	35.9	**16.0**	10.8

In the reporting period, deferred taxes in the amount of €0.4 million (previous year: -€5.3 million) mainly from the measurement of retirement-benefit obligations in accordance with IAS 19 were recognized outside of profit or loss in other comprehensive income.

The total amount of deferred tax assets of €87.9 million (previous year: €35.9 million) includes future reductions in tax payments of €82.4 million (previous year: €47.2 million) that arise from the expected utilization in future years of existing tax-loss carryforwards and other tax advantages. Deferred tax assets are accounted for to the extent that it is reasonably certain, based on current planning figures, that sufficient future taxable profits will be available against which the deferred tax assets can be offset within the next five years. The increase in deferred tax assets is mainly attributable to the capitalization of loss carryforwards and other tax advantages in the Bilfinger SE tax group. Given the positive development in the current financial year, the conditions for capitalization were met. The loss history at the French, South African and U.S. subsidiaries remained; therefore deferred tax assets on temporary differences and tax-loss carryforwards were only recognized insofar as they could be offset with deferred tax liabilities.

The amount of the temporary differences for which no deferred tax assets were capitalized is €105.0 million (previous year: €119.0 million).

Non-capitalized tax-loss carryforwards for corporate income tax (or comparable taxes outside Germany) amount to €995.0 million (previous year: €1,267.0 million) and for trade tax to €1,108.0 million (previous year: €1,375.7 million). The decrease in non-capitalized tax-loss carryforwards for corporate tax and trade tax is mainly attributable to the capitalization of parts of the tax-loss carryforwards in the German Bilfinger SE tax group. Of the tax-loss carryforwards not recognized as deferred tax assets, €13.1 million (previous year: €3.2 million) will expire within the next five years, €69.4 million (previous year: €83.5 million) within the ensuing five years and €25.2 million (previous year: €2.6 million) within the ensuing 10 years. Deferred tax assets of

€61.5 million (prior year: €24.1 million) were recognized at German and international Group companies despite losses in the current financial year or in the prior year, as the companies concerned expect to generate future taxable profits. There is reasonable certainty that the deferred tax assets can be realized.

Retained profit at international subsidiaries will, from today’s perspective, remain invested for the most part. The amount of temporary differences associated with investments in subsidiaries as well as interests in joint ventures for which deferred tax liabilities have not been recognized totals €391.0 million (previous year: €339.0 million). Deferred tax liabilities of €0.5 million (previous year: €0.4 million) were recognized for the dividend distributions from subsidiaries expected to be received by the German tax group in 2024. No deferred tax liabilities were recognized for dividend distributions expected to be received by foreign intermediate holding companies in 2024. The intermediate holding companies are located in jurisdictions that provide for full tax exemption on dividend distributions. In addition, no deferred tax liabilities for foreign withholding taxes were recognized for dividend distributions expected to be received in 2024, because they will be received from outside the EU and are therefore tax-exempt under the Parent-Subsidiary Directive or no tax is payable in the source country.

Sufficient income tax liabilities have been recognized for uncertain tax treatments in accordance with IFRIC 23.

Bilfinger falls within the scope of the global minimum taxation under the OECD Pillar Two model rules. The Pillar Two legislation was adopted in Germany, the country in which the company is domiciled, and will come into force on January 1, 2024. As the Pillar Two legislation was not yet in force at the reporting date, Bilfinger is not currently subject to any tax burden in this respect. Bilfinger makes use of the exemption for the recognition of deferred taxes in connection with Pillar Two income taxes, which was the subject of the amendment to IAS 12 published in May 2023.

According to the legislation, Bilfinger must pay a supplementary tax for countries in which the effective tax rate determined according to GloBE Rules (OECD’s **Glo**bal Anti-**B**ase **E**rosion Model Rules) for that country is lower than the minimum tax rate of 15 percent. A supplementary tax rate is calculated in the amount of the difference between the two tax rates and is to be applied to the taxable income calculated in accordance with Pillar Two.

In a project team set up for this purpose, experts from the International Tax and Tax Accounting departments of the Group’s own tax function are working on the global implementation of the rules of the Pillar Two legislation.

For the 2023 reporting period, the analysis shows that Bilfinger is subject to safe harbor regulations in all but three of the countries in which it operates. As a result, no Pillar Two income tax is payable in these countries. In Germany, Saudi Arabia and Kuwait, the safe harbor regulations do not currently apply. However, Bilfinger will most likely not have to pay Pillar Two income tax for these countries. This is due to specific adjustments provided for in the Pillar Two legislation. In Germany and Saudi Arabia, tax income from the capitalization of impaired deferred tax assets was realized in the 2023 reporting period. These special effects must be eliminated in the context of the Pillar Two calculations, which results in GloBE effective tax rates that exceed 15 percent. Furthermore, in periods where the Pillar Two rules apply, such special effects of a similar amount are no longer expected. In Kuwait, the statutory income tax rate is 15 percent, which also corresponds to the minimum tax rate. In the reporting period, the effective tax rate for Kuwait was 13.4 percent and earnings before taxes amounted to €2.7 million. If the tax rate were to increase by 1.6 percentage points, the additional tax expense would be less than €0.1 million, subject to further adjustments due to the Pillar Two regulations. This would have no significant impact on the Group tax expense and the Group effective tax rate.

Due to the complexity of the application of the legislation and the calculation of income according to GloBE rules, the quantitative effects of the legislation that has been passed or entered into force cannot yet be reliably estimated. Even for companies with an effective tax rate of over 15 percent, Pillar Two could therefore have tax implications. However, it can currently be assumed that no significant effects are to be expected for Bilfinger Group companies.

14 Earnings per share

Undiluted earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares issued. For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted for the rights to shares to which the Executive Board, managers and other employees are entitled under share-based payment arrangements (see Note 34 for information on share-based payments).

	2023	2022
Net profit	181.5	28.2
Weighted average number of shares issued	37,462,377	39,619,128
Effect of dilutive share-based payments	158,035	168,804
Weighted average number of shares for diluted earnings	37,620,412	39,787,932
Basic earnings per share (in €)	**4.84**	**0.71**
thereof from continuing operations	4.75	0.71
thereof from discontinued operations	0.09	0.00
Diluted earnings per share (in €)	**4.82**	**0.71**
thereof from continuing operations	4.73	0.71
thereof from discontinued operations	0.09	0.00

Notes to the balance sheet

15 Intangible assets

COST OF ACQUISITION OR PRODUCTION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments made on intangible assets	Total
Jan. 1, 2023	**45.9**	**1,144.4**	**0.0**	**0.2**	**1,190.5**
Additions to the consolidated group	0.0	7.1	3.1	0.0	10.2
Disposals from the consolidated group	0.0	0.0	0.0	0.0	0.0
Additions	0.9	0.0	0.0	0.2	1.1
Disposals	-2.0	0.0	0.0	0.0	-2.0
Reclassifications	0.1	0.0	0.0	-0.2	-0.1
Currency adjustments	-0.4	-7.2	0.0	0.0	-7.6
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2023	**44.5**	**1,144.3**	**3.1**	**0.2**	**1,192.1**

ACCUMULATED DEPRECIATION AND AMORTIZATION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments made on intangible assets	Total
Jan. 1, 2023	**-42.6**	**-361.5**	**0.0**	**0.0**	**-404.1**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals from the consolidated group	0.0	0.0	0.0	0.0	0.0
Amortization	-1.6	0.0	-1.1	0.0	-2.7
Disposals	2.0	0.0	0.0	0.0	2.0
Reclassifications	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.5	0.0	0.0	0.0	0.5
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2023	**-41.7**	**-361.5**	**-1.1**	**0.0**	**-404.3**
Carrying amount Dec. 31, 2023	**3.0**	**782.8**	**2.0**	**0.2**	**788.0**

COST OF ACQUISITION OR PRODUCTION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments made on intangible assets	Total
Jan. 1, 2022	**48.2**	**1,139.3**	**0.0**	**0.1**	**1,187.6**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals from the consolidated group	0.0	0.0	0.0	0.0	0.0
Additions	2.0	0.0	0.0	0.2	2.2
Disposals	-4.6	0.0	0.0	0.0	-4.6
Reclassifications	0.0	0.0	0.0	-0.1	-0.1
Currency adjustments	0.3	5.1	0.0	0.0	5.4
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2022	**45.9**	**1,144.4**	**0.0**	**0.2**	**1,190.5**

ACCUMULATED DEPRECIATION AND AMORTIZATION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments made on intangible assets	Total
Jan. 1, 2022	**-45.4**	**-361.6**	**0.0**	**0.0**	**-407.0**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals from the consolidated group	0.0	0.0	0.0	0.0	0.0
Amortization	-1.4	0.0	0.0	0.0	-1.4
Disposals	4.5	0.0	0.0	0.0	4.5
Reclassifications	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	-0.3	0.1	0.0	0.0	-0.2
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2022	**-42.6**	**-361.5**	**0.0**	**0.0**	**-404.1**
Carrying amount Dec. 31, 2022	**3.5**	**782.9**	**0.0**	**0.1**	**786.5**

Under 'disposals from the consolidated group', those items are presented that are allocated to deconsolidated business units which, as of January 1 of the respective financial year, were not presented as a disposal group. Under 'reclassification to disposal group', those items are presented that in the respective financial year were reclassified to 'assets classified as held for sale' regardless of whether these disposal groups were deconsolidated in the respective financial year or not (see also Notes 4.3 and 5.2).

15.1 Goodwill

Within the context of carrying out annual impairment tests in accordance with IFRS 3 and IAS 36, goodwill was allocated to the relevant regions or divisions as groups of cash-generating units (business segments). Goodwill is distributed among the operating segments as shown in the following table:

	2023	2022
Operating and reportable segments		
Technologies	**149.0**	**149.0**
E&M United Kingdom	73.5	73.0
E&M Nordics	60.6	64.0
E&M Belgium & Netherlands	69.3	68.0
E&M Germany	101.5	101.5
E&M Austria & Switzerland	66.2	65.5
E&M Eastern Europe	42.8	–
E&M Poland	–	35.8
Engineering & Maintenance Europe	**413.9**	**407.8**
E&M North America	188.7	194.9
E&M Middle East	31.2	31.2
Engineering & Maintenance International	**219.9**	**226.1**
Other Operations	–	–
Total	**782.8**	**782.9**

The former *E&M Poland* region was adjusted in the reporting year: The Tebodin Central and Eastern Europe units, which were previously part of the *E&M Belgium & Netherlands* region, now form the *E&M Eastern Europe* region together with the units of the former *E&M Poland* region. The goodwill of the newly allocated units was determined on the basis of their relative value and allocated to the absorbing region accordingly (reallocation in the amount of €5.8 million). See Note 1. In addition, De Bruin Piping & Construction B.V. was acquired in the reporting period and allocated to the *E&M Belgium & Netherlands* region (addition in the amount of €7.1 million; see Note 4.2).

The annual impairment test pursuant to IAS 36 takes place at the operating segment level. In addition to the annual impairment test, an impairment test is also to be carried out when there are indications for the impairment of a group of cash-generating units. There were no relevant indications in the reporting year.

The recoverable amounts of the cash-generating units at the balance-sheet date correspond to their values in use, which are derived from their discounted future cash flows. The calculation is based on the most recent planning figures over a five-year period, as approved by the Group's management. In the steady state for the period thereafter, cash flows are assumed for which future growth only in the form of expected inflation-related price increases is considered and organic growth is not taken into account. The long-term growth rates for the main cash-generating units are 0.85 percent for *Technologies*, 0.73 percent for *E&M North America* and 0.98 percent for *E&M Germany*.

The planning is based on existing contracts and external benchmarks, past experience and best possible assessment by the Group's management of future economic developments. Market assumptions, for example development of interest rates, exchange rates and raw-material prices, are taken into consideration with the use of external macroeconomic and industry-specific sources in the relevant markets.

In the preparation of the budget planning, special consideration was given to Russia's war of aggression against Ukraine and its impact on the business development of Bilfinger as a whole as well as all individual Group units. It is generally assumed that the war of aggression will have an impact on business activities in those regions that are impacted, but no structural effects on Bilfinger's business activities. Moreover, the war of aggression has created additional uncertainty for economic development in European markets. The chemical and petrochemical industries in the DACH region in particular are dependent on the availability and prices of natural gas, so the crisis could have a more lasting negative impact here. On the other hand, the crisis is also leading to increased demand for alternative sources of oil and gas, meaning that customers in the oil and gas sector in Europe in particular are planning to increase production, with the result that plant availability is becoming even more important. Similarly, the energy transition trend toward renewable energy sources is intensifying and will reduce dependency on fossil fuels.

We do not believe that the recent escalation of the conflict in the Middle East will have any significant direct impact on Bilfinger. We do not generally have any business activities in the region around Israel and, although the further development of the conflict cannot be predicted with any degree of certainty, we assume that our locations and our customers in the Middle East will not be significantly impacted. We also do not expect any significant negative macroeconomic effects as a result of the conflict.

Bilfinger also assumes that the global pandemic has for the most part been overcome and that the macroeconomic situation will gradually improve. Bilfinger expects inflation rates to fall further in 2024 following the increase in inflation in 2023 that was caused by the events described above, and anticipates a return to historical inflation rates of around 2 percent in the medium term. This applies to purchased materials as well as in particular to wage development in the company's main markets. Price escalation clauses in long-term contracts allow cost increases to be passed on to customers.

In the medium term, in addition to these statements, it is generally still true that the development of the business segments *Engineering & Maintenance* as well as *Technologies* is influenced by long-term developments in the oil price and the resulting demand of customers in the oil and gas industry for maintenance and operation services as well as for modifications, conversions and extensions. With regard to the price of oil, Bilfinger expects a stable price at the current level. The impact of climate targets on the industry is expected to be more pronounced in the longer term.

Technologies will be positively impacted by the energy transition in Europe and North America. Growing demand for new nuclear power plants and their modernization, e.g., in France and the United Kingdom, will create further business opportunities for Bilfinger. Planning is based specifically on continued participation in new construction projects at Hinkley Point and other plants. The corresponding orders are currently in the implementation stage. In addition, as a result of the pandemic and the associated supply chain risk, the trend toward relocating production capacities and a general increase in investment activity in the (bio)pharma market can be identified. This was reflected in the continued favorable development of orders received in this market sector in 2023.

In *Engineering & Maintenance*, we are seeing a stabilization in demand for maintenance services in the oil and gas industry in Europe. Demand from customers in the (petro)chemical industry remains stable; initial signs of a slowdown in the economic situation are already emerging, however, with the closure or relocation of our customers' production lines and increasing cost pressure due to the need to invest in the energy transition. Despite this development, we continue to see growth potential for our business in this area in particular, for example when aging plants have to be modernized. At the same time, Engineering & Maintenance Europe will also participate in opportunities in the area of energy transition – the conversion to renewable and sustainable energy sources – such as the construction of hydrogen production plants. Overall, Bilfinger should therefore be able to participate in market growth while maintaining sound margins.

For *Engineering & Maintenance International*, Bilfinger sees attractive business opportunities both in the Middle East and in North America as a result of the trends toward modernization and expansion of (petro) chemical plants. Customers in North America are also increasingly demonstrating an interest in maintenance services. This applies in particular to the North American production sites of European customers. Bilfinger successfully expanded its business activities in this area in the past financial year. The climate protection targets taken up again by the current government in the United States should also lead to further business opportunities in fields such as energy storage and CO_2 reduction. And, not least, given prices that are once again attractive, substantial investments in oil and gas production are expected in both regions (North America and the Middle East) in the strategic planning horizon. This momentum was apparent already in financial year 2022 and continued in financial year 2023. Moreover, the strategic realignment with a focus on recurring business in maintenance services instead of industrial assembly projects is expected to contribute to a reduction in earnings volatility, particularly in North America.

The efficiency program to optimize indirect functions was particularly successful in North America in 2023 and showed initial sustainable savings effects already in the fourth quarter of the past financial year. The full savings effect will be achieved in financial year 2024. The program will therefore make a substantial contribution to the value of Bilfinger and its business segments. See the explanations in Note 25 for more information.

The discount rates before taxes calculated using the capital-asset-pricing model for the cash-generating units are shown in the table below:

PRE-TAX WACC PER REGION / DIVISION

in %	**Dec. 31, 2023**	Dec. 31, 2022
Technologies	13.1	14.3
E&M United Kingdom	10.4	10.9
E&M Nordics	9.5	10.9
E&M Belgium & Netherlands	10.4	11.9
E&M Germany	10.9	10.6
E&M Austria & Switzerland	9.5	10.8
E&M Eastern Europe	10.7	–
E&M Poland	–	11.1
E&M North America	9.2	11.5
E&M Middle East	10.4	12.6
Other Operations	–	–

A comparison of the recoverable amounts of the units with their carrying amounts including goodwill did not result in any need for impairments as of December 31, 2023.

The revenue figures over the five-year planning period for the main groups of cash-generating units are based on average annual growth rates of between 2.60 percent and 5.91 percent. For all groups of cash-generating units, even a significant increase in the discount rate (around 1 percentage point) or a significantly negative deviation from the cash flows (around 10 percent) assumed in the planning figures would not have resulted in a need to impair goodwill. For the main groups of cash-generating units with high planned growth rates such as in particular the region *E&M North*

America even an increase in the discount rate of about 43 percentage points or a negative deviation of the cash flows used as a basis for the planning figures in the amount of about 37 percent would not have resulted in a need to impair goodwill.

15.2 Intangible assets from acquisitions

Intangible assets from acquisitions reflect the portions of purchase prices attributed to acquired customer relations, for example order backlogs, framework agreements and client bases. They are amortized over their useful lives using the straight-line method. In the reporting year, new intangible assets were added in the amount of €3.1 million due to the acquisition of De Bruin Piping & Construction B.V. (see Note 4.2). The useful life is 3 years.

16 Property, plant and equipment

COST OF ACQUISITION OR PRODUCTION	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance total payments and assets under construction	Total
Balance Jan. 1, 2023	**180.4**	**196.9**	**537.4**	**4.7**	**919.4**
Additions to the consolidated group	5.2	0.2	0.2	0.0	5.6
Disposals from the consolidated group	0.0	0.0	-0.3	0.0	-0.3
Additions	3.2	8.3	43.6	2.5	57.6
Disposals	-27.8	-2.3	-44.4	-0.4	-74.9
Reclassifications	0.9	1.4	-0.1	-3.1	-0.9
Currency adjustments	-0.7	-4.3	-2.3	0.0	-7.3
Reclassification to the disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2023	**161.2**	**200.2**	**534.1**	**3.7**	**899.2**

ACCUMULATED DEPRECIATION AND AMORTIZATION	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance total payments and assets under construction	Total
Balance Jan. 1, 2023	**-107.3**	**-163.0**	**-403.1**	**0.0**	**-673.4**
Additions to the consolidated group	0.0	0.0	-0.1	0.0	-0.1
Disposals from the consolidated group	0.0	0.0	0.3	0.0	0.3
Depreciations	-4.1	-6.8	-35.6	0.0	-46.5
Disposals	16.5	1.9	42.3	0.0	60.7
Reclassifications	-0.1	-0.1	0.2	0.0	0.0
Impairments	0.0	0.0	-0.3	0.0	-0.3
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.9	3.8	2.1	0.0	6.8
Reclassification to the disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2023	**-94.1**	**-164.2**	**-394.2**	**0.0**	**-652.5**
Carrying amount Dec. 31, 2023	**67.0**	**36.1**	**139.8**	**3.8**	**246.7**

COST OF ACQUISITION OR PRODUCTION	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance total payments and assets under construction	Total
Balance Jan. 1, 2022	**192.9**	**208.4**	**520.2**	**4.0**	**925.5**
Additions to the consolidated group	0.0	0.1	0.0	0.0	0.1
Disposals from the consolidated group	0.0	-1.3	-9.3	0.0	-10.6
Additions	2.1	9.1	34.9	3.5	49.6
Disposals	-14.8	-8.6	-17.9	0.0	-41.3
Reclassifications	0.1	-9.4	12.1	-2.8	0.0
Currency adjustments	0.1	-1.4	-2.6	0.0	-3.9
Reclassification to the disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2022	**180.4**	**196.9**	**537.4**	**4.7**	**919.4**

ACCUMULATED DEPRECIATION AND AMORTIZATION	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance total payments and assets under construction	Total
Balance Jan. 1, 2022	**-108.7**	**-174.1**	**-384.0**	**0.0**	**-666.8**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals from the consolidated group	0.0	1.0	6.7	0.0	7.7
Depreciations	-4.2	-6.3	-36.2	0.0	-46.7
Disposals	5.6	8.2	16.8	0.0	30.6
Reclassifications	0.0	7.4	-7.4	0.0	0.0
Impairments	0.0	0.0	-0.5	0.0	-0.5
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.0	0.8	1.5	0.0	2.3
Reclassification to the disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2022	**-107.3**	**-163.0**	**-403.1**	**0.0**	**-673.4**
Carrying amount Dec. 31, 2022	**73.2**	**34.0**	**134.3**	**4.7**	**246.2**

Property, plant and equipment, particularly scaffolding, is leased to a limited extent within the scope of operating leases.

See Note 15 on explanations relating to the lines ‘disposals from the consolidated group’ and ‘reclassification to the disposal group’.

17 Leases

Depreciation on right-of-use assets and the carrying amounts of the right-of-use assets are distributed as follows to the classes of underlying assets:

	Right-of-use assets for land and buildings		Right-of-use assets for technical equipment and machinery		Right-of-use assets for other equipment, operating and office equipment		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Depreciation in the financial year	-33.5	-33.1	-2.5	-2.6	-15.9	-14.6	-51.8	-50.3
Carrying amount as of Dec. 31	**118.9**	123.7	**3.1**	5.0	**41.5**	44.6	**163.5**	173.2

Additions to right-of-use assets including lease modifications during the financial year amounted to €44.8 million (previous year: €51.0 million); the total without lease modifications was €32.7 million (previous year: €38.2 million).

Leases for land and buildings sometimes include extension and termination options as well as index-based lease price adjustment clauses – in Germany, for example, based on the consumer price index. The right-of-use assets for other equipment, operating and office equipment relate in particular to company cars and scaffolding.

In the financial year, expenses of €78.8 million (previous year: €71.7 million) were recognized for short-term leases and €14.6 million (previous year: €11.1 million) for leases of low-value assets. The expenses are allocated to the respective functional area. Short-term leases are concluded in particular within the scope of projects for assets such as machines, tools, scaffolding, containers and construction site vehicles. Leases for low-value assets relate in particular to office equipment such as furniture, printers, computers, laptops and telephones.

Cash outflows from leases amounting to €153.3 million (previous year: €139.9 million) were recognized in the cash flow statement in the financial year. In addition to interest and principal payments for lease liabilities that are presented under cash flow from financing activities, this amount also includes payments allocated to cash flow from operating activities for short-term leases and for leases of low-value assets.

Potential future payments from leases in the amount of €85.5 million (previous year: €93.4 million) were not taken into account in the measurement of the lease liability because it is not reasonably certain that the extension options will be exercised or that the termination options will not be exercised. In connection with residual value guarantees that are not considered in the lease liability, future payments in the amount of €4.3 million (previous year: €4.4 million) could be incurred. As a result of leases entered into but not yet commenced as of the balance-sheet date, future cash outflows amount to €0.1 million (previous year: €0.8 million).

Leases for which Bilfinger is the lessor are, for the most part, short-term. There are no material risks in accordance with IFRS 16.92(b) or variable lease payments in accordance with IFRS 16.90(b).

18 Investments accounted for using the equity method

For an overview of the investments accounted for using the equity method, please see the list of subsidiaries and equity interests (see Note 39).

The carrying amounts of or income from investments accounted for using the equity method are distributed to associates and joint ventures as follows:

	Associates	Joint ventures	Total
2023			
Carrying amount of investments accounted for using the equity method	10.8	2.5	13.3
Income from investments accounted for using the equity method	2.6	2.4	5.0
2022			
Carrying amount of investments accounted for using the equity method	10.7	2.0	12.7
Income from investments accounted for using the equity method	3.3	1.8	5.1

If the proportionate losses – including other comprehensive income – exceed the carrying amount of the investment, neither losses nor gains are recognized.

18.1 Associates

Aggregated disclosure concerning insignificant associates:

	2023	2022
Carrying amount of the investee accounted for using the equity method	10.8	10.7
Group’s share of profit / loss from continuing operations	2.6	3.3
Group’s share of other comprehensive income recognized directly in equity for the period	0.0	0.0
Group’s share of total comprehensive income for the period	2.6	3.3

18.2 Joint ventures

Aggregated disclosure concerning insignificant joint ventures:

	2023	2022
Carrying amount of the investee accounted for using the equity method	**2.5**	**2.0**
Group's share of profit / loss from continuing operations	2.4	1.8
Group's share of other comprehensive income recognized directly in equity for the period	0.0	0.0
Group's share of total comprehensive income for the period	**2.4**	**1.8**

As of the balance-sheet date, there were no obligations to contribute capital or resources to joint ventures or obligations to purchase ownership interests in joint ventures from another party in the event that certain future conditions are met.

19 Other assets

Equity interests (FA-FVtOCI-EI) include shares in non-listed companies.

	2023	2022
Loans (FA-AC)	3.3	3.3
Securities (FA-FVtPL)	0.6	1.0
Securities (FA-FVtOCI-DI)	0.2	0.2
Securities (FA-FVtOCI-EI)	0.2	0.2
Derivatives, not in hedging relationships (FA-FVtPL)	0.0	0.0
Net assets in accordance with IAS 19	0.7	0.6
Other financial assets (FA-AC)	1.8	2.0
Total	6.7	7.3

The impairments recognized on loans in accordance with IFRS 9 for expected credit risks developed as follows:

	2023	2022
Opening balance	-5.7	-3.8
Changes in the consolidated group, currency differences, transfer	4.0	-2.0
Allocations (impairment losses)	–	–
Utilization	–	–
Withdrawals (gains on impairment reversals)	–	–
Closing balance	-1.7	-5.8

The impairment for the loans was measured exclusively in the amount of the expected 12-month credit loss.

20 Inventories

Inventories are comprised as follows:

	2023	2022
Raw materials and supplies	48.4	49.6
Advance payments made	35.9	29.1
Real estate properties held for sale	0.0	0.0
Finished goods and work in progress	3.0	2.0
Total	**87.3**	80.8

Cost of sales includes cost of inventories, recognized in expenses, in the amount of €1,692.9 million (previous year: €1,529.1 million).

21 Receivables and other financial assets

	2023	2022
Receivables and customer contract assets		
from trade receivables (including receivables from percentage of completion) (FA-AC)	743.9	696.3
from work in progress (IFRS 15)	383.4	345.3
from consortiums and joint ventures (FA-AC)	3.5	1.8
from companies in which equity is held (FA-AC)	6.0	4.7
	1,136.8	1,048.1
Derivatives		
not in hedging relationships (FA-FVtPL)	5.7	2.8
	5.7	2.8
Other financial, non-derivative assets (FA-AC)	37.8	27.6
Total	**1,180.1**	1,078.5

Receivables and customer contract assets include receivables from services not yet invoiced. These do not constitute financial instruments in accordance with IFRS 9, but are subject to the impairment requirements of IFRS 9.

The impairments recognized on trade receivables (including receivables from percentage of completion and work in progress) in accordance with IFRS 9 for expected credit risks developed as follows:

	2023	2022
Opening balance	**-23.8**	**-20.9**
Changes in the consolidated group, currency differences	3.2	0.4
Allocations (impairment losses)	-4.1	-6.2
Utilization	0.2	0.5
Withdrawals (gains on impairment reversals)	2.9	2.4
Closing balance	**-21.6**	**-23.8**

Distribution of the gross carrying amounts of the receivables to rating categories:

Rating category	Creditworthiness	Gross carrying amount at December 31, 2023	Gross carrying amount at December 31, 2022
1	very high creditworthiness	200.3	142.0
2	high creditworthiness	158.1	132.8
3	good creditworthiness	248.9	260.4
4	relatively good creditworthiness	222.4	248.6
5	moderate creditworthiness	180.3	122.1
6	heightened risk	46.7	70.1
7	high risk	57.1	18.1
8	very high risk	27.3	58.9
9	not creditworthy	1.6	3.5
10	insolvent	6.4	9.0

Of the receivables written off, a contractually outstanding amount of €0.0 million (previous year: €0.0 million) is still subject to enforcement measures.

Other financial non-derivative assets comprise receivables and assets outside the field of supplying goods and services.

22 Other assets

Other assets mainly include sales tax receivables amounting to €16.9 million (previous year: €11.3 million) and prepaid expenses amounting to €24.4 million (previous year: €19.9 million).

23 Equity

The classification of equity and changes in equity are presented in the consolidated statement of changes in equity.

Share capital is unchanged at €132.6 million as of the balance-sheet date. It is divided into 37,606,372 (previous year: 41,037,328) bearer shares with an arithmetical value of €3.53 (previous year: €3.23) per share.

The Annual General Meeting of May 11, 2022, authorized the Executive Board to acquire the company's **own shares** until May 10, 2027, in the total amount of up to 10 percent of the share capital of Bilfinger SE existing at the time of the resolution on the authorization, under the condition that the shares to be acquired on the basis of the authorization, together with other shares in Bilfinger SE which Bilfinger SE has already acquired and still holds or which are attributable to Bilfinger SE in accordance with Sections 71d and 71e AktG, at no time exceed 10 percent of the share capital of Bilfinger SE.

The number of treasury shares at the balance-sheet date was 122,049 (previous year: 3,630,956) with a carrying amount of -€3.5 million (previous year: -€104.7 million). Treasury shares were reduced in the reporting year as a result of the cancelation of 3,430,956 bearer shares in a simplified procedure without a reduction in share capital by increasing the proportion of share capital represented by the remaining bearer shares on the basis of a resolution of the Executive Board on February 27, 2023, and the approval of this resolution by the Supervisory Board on March 7, 2023, and through the transfer of 77,951 bearer shares as part of share-based remuneration programs (see Note 34). The carrying amount of the canceled treasury shares was derecognized against other retained earnings.

Through the relevant resolution of the Annual General Meeting of April 20, 2023, the previous approved capital in accordance with Section 3 of the Articles of Incorporation was removed and replaced by a new authorization (*approved capital 2023*). The Executive Board is authorized, with the consent of the Supervisory Board, up to and including April 19, 2028, to increase the share capital of the company on one or more occasions by up to €66,313,563. The capital increase serves to issue new shares against cash and / or non-cash contributions.

By resolution of the Annual General Meeting of April 15, 2021, the share capital was increased by up to €13,262,712.00 (*contingent capital 2021*). It serves to grant shares upon the exercise of conversion rights or option rights or upon the fulfillment of conversion obligations or option obligations in connection with bonds until April 14, 2026.

We refer to the explanation given in the combined management report for Bilfinger SE and the Bilfinger Group pursuant to Section 289a and Section 315a of the German Commercial Code (HGB) with regard to the authorization for the Executive Board to issue shares out of approved capital and out of contingent capital as well as the possibilities to buy back and use treasury shares of the company.

23.1 Retained and distributable earnings

	2023	2022
Distributable earnings	67.7	62.0
Remeasurement of defined-benefit pension plans	-160.4	-139.9
Share-based payments (not relating to the Executive Board)	2.1	1.1
Other retained earnings	373.5	370.1
Total	**282.9**	293.3

Distributable earnings and proposal on the appropriation of earnings

It is proposed that the reported distributable earnings of Bilfinger SE for financial year 2023 of €67.7 million be appropriated as follows:

€	Per share	Total
Distribution of a dividend of €1.80 per dividend-entitled share	1.80	67,471,781.40
Carried forward to new account		219,688.20
Total		**67,691,469.60**

In financial year 2023, dividends of €48.6 million (previous year: €193.7 million) or €1.30 (previous year: €4.75) per share were distributed to the shareholders of Bilfinger SE.

Remeasurements include the deviations fully included in the retirement-benefit obligation (actuarial gains and losses) between the amount of the retirement-benefit obligation expected at the beginning of the year and the actual amount of the retirement-benefit obligation at the end of the year, as well as the difference between the income recognized from plan assets based on the amount of the discount rate for the retirement-benefit obligation and the income actually achieved from the plan assets.

The accumulated losses from remeasurement recognized in other comprehensive income and attributable to the shareholders of Bilfinger SE amount to €166.3 million before deferred taxes (previous year: €145.3 million) and €160.4 million (previous year: €139.9 million) after consideration of deferred taxes.

Changes in retained earnings from share-based remuneration resulted from the Bilfinger Executive Share Plan 2.0 and, in the previous year, also from an additional share-based remuneration plan (see Note 34).

Other retained earnings principally comprise amounts established from earnings in the reporting period or in previous financial years. This item also included reclassifications within retained earnings relating to completed share-based payment programs not involving the Executive Board (see Note 34) and, in the reporting year, effects from the cancelation of treasury shares (see Note 23) and from changes in shareholdings that maintain control (see Note 4.4).

23.2 Other reserves

The fair valuation of securities reserve includes the unrealized gains and losses from debt instruments which, in accordance with IFRS 9.4.1.2A, are measured at fair value in other comprehensive income (FVtOCI-DI) with due consideration of deferred taxes.

The reserve from the market valuation of equity instruments includes the unrealized gains and losses from financial investments in equity instruments of other companies which, in accordance with the option in IFRS 9.5.7.5, are to be measured at fair value through other comprehensive income (FVtOCI-EI) with due consideration of deferred taxes.

The reserve from hedging transactions contains unrealized profits and losses from hedging highly probable future payments, taking into consideration any deferred-tax effects. Bilfinger currently has no hedging relationships designated as cash-flow hedges as defined by IFRS 9.

The currency translation reserve reflects all currency differences arising from the translation of financial statements of foreign subsidiaries as well as net investments in foreign operations.

24 Provisions for pensions and similar obligations

Various retirement-benefit obligations exist at the Bilfinger Group, the heterogenic nature of which is historically based in the development of the Group with numerous corporate acquisitions. They comprise both defined-contribution pension plans and defined-benefit pension plans.

With defined-contribution pension plans, the company makes fixed contributions on a contractual or voluntary basis to an external pension fund. Beyond those contributions, the company has no legal or constructive payment obligations in the case that the pension fund should not be sufficient to provide the retirement benefit in full. The contributions are recognized as an expense for retirement benefits when they fall due. Obligations from multi-employer plans are accounted for as obligations from defined-contribution pension plans if sufficient information is not available to enable the entity to account for the plans as a defined-benefit plan. The benefits provided by a pension fund in Germany, for example, are financed on the basis of the coverage method. As a result of the coverage method, it is not possible to allocate the assets of the pension fund to the obligations assigned to an employer. The employer contribution is determined depending on the employee contribution and the investment income. The contribution rate is determined by the pension fund. The employer has no obligation toward the pension fund beyond the payment of the fixed contributions, including in the case of withdrawal from the pension fund or unfulfilled obligations of other companies. The anticipated employer contributions in financial year 2024 amount to €2.3 million. This represents an insignificant portion of the total employer contributions to the pension fund.

Pension plans that do not meet the definition of defined-contribution pension plans are deemed to be defined-benefit plans. These are recognized at the balance-sheet date at the present value of the defined-benefit obligation (DBO). If assets are set aside solely to pay or fund these obligations, those assets are defined as plan assets and are deducted at their fair value and the net amount is presented in the balance sheet. Any amount in excess of the obligation is presented as other assets.

Obligations from pension commitments are calculated separately for each plan by estimating the amounts of future pension entitlements. These are discounted to their present values at the end of the reporting period. A discount rate is used equivalent to the rate of return on high-grade corporate bonds with an AA rating denominated in the same currency as the pension obligations and with similar maturities. At the end of the reporting period, the amount of the pension obligations is actuarially calculated with consideration of assumptions on future developments and with application of the so-called projected-unit-credit method. The assumptions underlying the calculations are based on published country-specific statistics and on experience. In addition to estimates of future income and pension developments, they also include biometric assumptions. The latter are based on locally recognized guideline tables. In Germany, the Heubeck guideline tables 2018 G are applied.

ACTUARIAL ASSUMPTIONS (WEIGHTED)	Euro zone	Other countries	Euro zone	Other countries
		2023		2022
Discount rate	3.20%	3.10%	3.75%	3.00%
Projected increase in wages and salaries	3.00%	2.20%	3.00%	2.50%
Projected pension increase	2.00%	1.40%	2.00%	0.75%

Gains and losses from changes in actuarial assumptions and from experience adjustments are recognized in other comprehensive income in the period in which they occur. Remeasurement losses from changes in financial assumptions in the reporting year mainly result from the drop in the discount rate. Past service cost due to the curtailment, introduction or amendment of plans is recognized in profit or loss as incurred. The same applies to gains or losses from the settlement of plans.

COMPOSITION BY REGION	Euro zone	Other countries	Total	Euro zone	Other countries	Total
			2023			2022
Defined-benefit obligation of funded pension plans	144.3	43.1	187.4	139.9	51.7	191.6
Defined-benefit obligation of non-funded pension plans	178.1	27.5	205.6	164.0	29.6	193.6
Defined-benefit obligation of all pension plans	**322.4**	**70.6**	**393.0**	**303.9**	**81.3**	**385.2**
in percent	82%	18%	100%	79%	21%	100%
Defined-benefit obligation of funded pension plans	144.3	43.1	187.4	139.9	51.7	191.6
Fair value of plan assets	95.2	37.9	133.1	100.5	46.7	147.2
Funded status	**-49.1**	**-5.2**	**-54.3**	**-39.4**	**-5.0**	**-44.4**
thereof provisions for pensions	49.8	5.2	55.1	40.0	5.0	45.1
thereof net asset	0.7	0.0	0.7	0.6	0.0	0.6
Provision for funded pension plans	49.8	5.2	55.1	40.0	5.0	45.1
Provision for non-funded pension plans	178.1	27.5	205.6	164.0	29.6	193.6
Provisions for pensions and similar obligations, total	**227.9**	**32.7**	**260.7**	**204.0**	**34.6**	**238.7**

In the euro zone, the present value of future pension obligations relates mainly to Germany with €283.3 million (previous year: €265.9 million), while a further €33.6 million relates to obligations in Austria (previous year: €32.5 million). Outside the euro zone, the pension plans relate to Scandinavia and Switzerland, in particular.

The pension plans of Group companies in Germany are generally structured so that employees receive commitments to retirement, invalidity and dependents pensions in the form of lifetime annuities whose amount depends on the length of time worked at the Group and partially also on an employee's level of wage or salary. In addition to direct pension commitments, generally to managerial staff, commitments exist at the Bilfinger Group in the context of company agreements often reached indirectly through pension funds or in the form of direct insurance. The adjustment of pensions to price developments takes place in line with the provisions of applicable law at the latest after three years.

For employees of Bilfinger SE and some domestic subsidiaries, plans exist for occupational retirement, invalidity and dependents pensions granting the employees entitlement to annual contribution credits to an internally managed retirement-benefit account. The amount of the contribution credits is staggered by contribution group or for managerial staff is contractually agreed. Furthermore, employees have the possibility to make additional contributions out of their wages or salaries in order to improve their company pensions. The interest paid on the respective retirement-benefit account balances is based on the returns achieved on the related plan assets resulting from a Contractual Trust Arrangement (CTA), which was concluded to secure employee entitlements under this and other pension commitments. In this regard, a minimum return of 2 percent per annum is guaranteed by the company. For this purpose, internally, two pension accounts are managed simultaneously: one pension account earns interest at a rate of 2 percent p.a. over the entire term and another pension account earns interest at the rate determined by Bilfinger each year. In the event of a claim, the higher account balance is paid out. Pension payments can, if applicable and desired by the employee, be made in a lump sum, in installments or in the form of an annuity after the employee has left the company, but at the earliest at the age of 60. Due to the fact that payments are made on a defined-contribution basis, risks from deviations of the actual developments from biometric assumptions are largely excluded.

The assets in a CTA, based on the model of a two-way trust, are protected against insolvency. In this context, Bilfinger SE had previously transferred assets to the administration of an independent trustee. With regard to investment policy, the trustee is bound by the decisions of an advisory committee commissioned by the trustor. In order to limit risk, the investment strategy pursues a total return approach with the provision of a risk ceiling and a maximum share quota. In order to spread the risk, the trustee commissions several external asset managers to invest the assets. There are no obligations to make further payments into the plan assets.

In the reporting year, a salary-based matching model in the form of a direct commitment with reinsurance was introduced for senior managers in Germany. The pension benefits correspond in full to the value of the reinsurance policy, i.e., there is a congruence between the promised and insured benefits. Due to this congruence, the obligation is measured at the value of the reinsurance policy. Pension payments can, at the employee’s discretion, be made in a lump sum or in the form of an annuity after the employee leaves the company and reaches the individual statutory retirement age.

Pension plans in Austria in particular are claims to severance payments in accordance with national regulations which arose before 2003 and are to be paid as lump sums following termination of employment by the employer or upon retirement. Since 2003, employers have had to pay wage-related contributions to an employee benefit fund in order to finance those claims. These plans qualify as defined-contribution plans and the related expenses are therefore recognized as soon as a payment obligation arises.

PENSION PLANS	Funded	Funded provisi-ons	Total	Funded	Funded provisi-ons	Total
			2023			2022
Defined-benefit obligation at January 1	191.6	193.6	385.2	235.1	240.8	475.9
Interest expense	6.1	7.0	13.1	1.4	2.4	3.7
Service cost	1.3	2.8	4.2	1.6	3.8	5.3
Current service cost	*1.6*	*2.8*	*4.4*	*2.4*	*3.8*	*6.2*
Past service cost	*-0.3*	*0.0*	*-0.3*	*-0.8*	*0.0*	*-0.8*
Gains / losses on settlements	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Settlement payments	0.0	0.0	0.0	0.0	0.0	0.0
Pension payments	-19.3	-11.5	-30.8	-17.6	-12.1	-29.7
Employee contributions	3.9	0.1	4.0	3.3	0.0	3.3
Currency adjustments	2.3	-1.7	0.6	1.7	-0.7	1.0
Changes in the consolidated group	1.5	-0.3	1.2	0.0	0.0	0.0
Transfers to / from other companies	0.0	0.0	0.0	-0.7	0.6	-0.1
Remeasurement gains (-) / losses (+)	-0.0	15.6	15.5	-33.2	-41.2	-74.4
from changes in demographic assumptions	*0.0*	*0.2*	*0.2*	*0.0*	*-0.1*	*-0.1*
from changes in financial assumptions	*7.5*	*9.4*	*16.9*	*-39.9*	*-56.5*	*-96.4*
from experience adjustments	*-7.5*	*6.0*	*-1.5*	*6.7*	*15.4*	*22.1*
Defined-benefit obligation at December 31	187.4	205.6	393.0	191.6	193.6	385.2
Fair value of plan assets at January 1	147.2		147.2	170.4		170.4
Interest income on plan assets	4.2		4.2	1.0		1.0
Pension payments	-18.0		-18.0	-19.8		-19.8
Settlement payments	-0.6		-0.6	-0.0		-0.0
Allocations to fund (company contributions)	2.0		2.0	2.5		2.5
Allocations to fund (employee contributions)	4.0		4.0	3.3		3.3
Currency adjustments	1.0		1.0	1.1		1.1
Changes in the consolidated group	0.0		0.0	0.0		0.0
Transfers to / from other companies	0.0		0.0	0.0		0.0
Remeasurements	-6.8		-6.8	-11.3		-11.3
Fair value of plan assets at December 31	133.1		133.1	147.2		147.2
Defined-benefit obligation at December 31	187.4	205.6	393.0	191.6	193.6	385.2
Fair value of plan assets at December 31	133.1		133.1	147.2		147.2
Funded status at December 31	-54.4	-205.6	-259.9	-44.5	-193.6	-238.0
Net pension provisions at December 31	55.1	205.6	260.7	45.1	193.6	238.7
Net plan assets at December 31	0.7		0.7	0.6		0.6
Gains / losses recognized in profit or loss						
Current service cost	-1.6	-2.8	-4.4	-2.4	-3.8	-6.2
Past service cost	0.3	0.0	0.3	0.8	0.0	0.8
Gains / losses on settlements	0.0	0.0	0.0	0.0	0.0	0.0
Net interest cost (-) / income (+)	-1.9	-7.0	-8.9	-0.3	-2.4	-2.7
Net pension cost	-3.2	-9.8	-13.0	-1.9	-6.1	-8.0

In the income statement, service costs and any gains or losses from settlements are allocated to the respective functional areas and are thus included in EBIT. The net interest cost from the interest accrued on the net pension obligation is presented under interest expense.

Pension expenses for defined-contribution plans were €40.1 million (previous year: €38.0 million).

The weighted average duration of the pension obligations is 11.5 years (previous year: 11.5 years).

COMPOSITION OF PLAN ASSETS

	Dec. 31, 2023	Dec. 31, 2022
Total assets	**133.1**	**147.2**
Assets with a quoted market price	**118.0**	**124.4**
Cash and cash equivalents	3.9	4.7
Equity instruments (shares Europe, North America, Australia)	1.2	1.2
Debt instruments	27.0	32.2
thereof government bonds	16.8	20.6
thereof investment grade corporate bonds	4.3	5.2
thereof covered bonds	5.9	6.5
Investment funds	86.0	86.2
thereof mixed funds	65.5	70.3
thereof equity funds	9.5	10.6
thereof bond funds	2.5	3.3
thereof real estate funds	6.0	1.4
thereof money-market funds	0.9	0.5
thereof other funds	1.5	0.2
Assets without a quoted market price	**15.0**	**22.7**
Real estate properties	0.0	6.3
Qualifying insurance policies	14.1	15.3
Other assets	0.9	1.2

For the following year, contribution payments to pension plans in the amount of €2.1 million are planned.

The pension obligations, which exist as of the balance-sheet date, are expected to result in the following – undiscounted – benefit payments in the next 10 financial years:

EXPECTED PENSION PAYMENTS

	2024	2025	2026	2027	2028	2029-2033
	27	25	26	24	26	126

Contributions of €74.9 million were paid to state pension insurance institutions (previous year: €71.5 million).

Due to the pension plans, the Group is exposed to various risks. A reduction in the interest rate used to discount the provisions for pensions (interest rate for high-grade corporate bonds) would cause the pension obligations to increase. There would be corresponding effects from higher-than-expected income and pension increases. Higher life expectancies than assumed would also lead to an increase in pension obligations, especially when fixed benefits are paid which are independent of the contributions paid in the past. If plan assets exist to cover the pension obligations, it is assumed that they accrue interest at the rate of interest used to discount defined-benefit obligations. If the actual interest rate is lower, this leads to an increase in the net pension obligations. For pension plans denominated in foreign currencies, exchange-rate risks also exist.

The following sensitivity analysis shows the change in the pension obligations (DBO) in millions of euros caused by a change in one of the assumptions upon which the calculation is based when all the other assumptions remain unchanged. The calculation methods are otherwise unchanged.

SENSITIVITY ANALYSIS ON ACTUARIAL ASSUMPTIONS

	Defined-benefit obligation Dec. 31	
	0.5 percentage point increase	0.5 percentage point decrease
Discount rate	-20.5	22.7
Projected increase in wages and salaries	2.2	-2.1
Projected pension increase	22.9	-20.6
	1-year increase	1-year decrease
Life expectancy	19.2	-19.6

25 Other provisions

	Risks relating to contracts and litigation	Warranty risks	Personnel-related obligations	Restructurings	Other uncertain liabilities	**Total**
Balance at January 1, 2023	**40.3**	**39.2**	**28.2**	**72.4**	**75.8**	**256.0**
Utilization	-28.6	-2.6	-10.4	-20.2	-22.6	-84.4
Release	-6.0	-5.2	-1.6	-16.5	-25.0	-54.2
Additions	38.8	9.9	12.8	8.7	38.7	108.9
Changes in the consolidated group	0.0	0.0	0.0	-0.4	0.0	-0.4
Other changes incl. currency adjustments	-2.1	-0.6	1.8	-4.7	0.3	-5.5
Balance at December 31, 2023	**42.4**	**40.7**	**30.8**	**39.3**	**67.2**	**220.4**

MATURITIES OF OTHER PROVISIONS	Non-current		Current		Total	
	2023	2022	2023	2022	2023	2022
Risks relating to contracts and litigation	0.1	0.1	42.3	40.2	42.4	40.3
Warranty risks	1.5	1.4	39.2	37.8	40.7	39.2
Personnel-related obligations	16.2	15.0	14.7	13.3	30.8	28.2
Restructuring measures	0.0	0.0	39.3	72.4	39.3	72.4
Other uncertain liabilities	0.9	0.8	66.3	75.1	67.2	75.8
Total	18.7	17.3	201.8	238.8	220.4	256.0

Risks relating to contracts and litigation primarily comprise provisions for risks from current projects, provisions for reworking and provisions for litigation risks.

Warranty risks primarily comprise provisions for warranties related to individual cases from the valuation of projects.

Personnel-related obligations mainly consist of provisions for employee anniversaries and pre-retirement part-time employment as well as provisions for personnel severance compensation that do not relate to restructuring measures. The amount of employee anniversaries and pre-retirement part-time employment is calculated annually by external experts.

The provisions for restructurings mainly include expenses for staff reductions. These primarily relate, as of the balance-sheet date and the reporting date of the previous period, to the efficiency enhancement program adopted in the previous year. Provisions in the amount of €62.4 million were established for the efficiency program, mainly for obligations in connection with the workforce reduction, which were reported under other operating expense (see Note 9). Due to utilizations, reversals and additions in the reporting year, the carrying amount as of December 31, 2023, is €36.6 million. Income from the reversal is reported under other operating income (see Note 8).

Other contingent liabilities include, inter alia, provisions for risks in connection with discontinued operations, provisions for contingent losses, costs of annual financial statements, compensation for damages and consultant costs, and other miscellaneous provisions.

26 Financial debt

	Non-current		Current		Total	
	2023	2022	2023	2022	2023	2022
Bonds (FL-AC)	0,0	248.9	255.8	6.4	255.8	255.3
Promissory note loans (FL-AC)	174.4	5.5	7.0	0,0	181.4	5.5
Other financial debt (FL-AC)	1.0	1.3	0.3	0.3	1.3	1.6
Lease liabilities (IFRS 16)	119.5	133.2	50.7	47.9	170.2	181.1
Financial debt	294.9	388.9	313.9	54.7	608.8	443.5

The bond placed in financial year 2019 has a nominal value of €250 million, an original term of 5 years and a coupon of 4.5 percent. The tranches of promissory note loans issued in the same year had a total nominal value of €123 million and original maturities of between 3 and 5.5 years, as well as fixed and floating interest rates. In October 2021, tranches of the promissory note loans originally due in April 2022 with a nominal value of €108.5 million were repaid early. Moreover, additional tranches with a nominal value of €9.0 million were repaid as scheduled in April 2022. To refinance the bond maturing in June 2024, Bilfinger issued promissory note loans with a total volume of €175 million in June 2023. There are four tranches with terms of three and five years with both fixed and floating interest rates. Bilfinger decided to repay the bond early on March 14, 2024.

Financial debt developed as follows:

	Jan. 1, 2023	Cash changes				Non-cash changes	Dec. 31, 2023
			Change in the consolidated group	Additions to / disposals of lease liabilities	Currency adjustments	Changes in fair value and other	
Bonds	255.3	–	–	–	–	0.5	255.8
Promissory note loans	5.5	175.9	–	–	–	–	181.4
Other financial debt	1.6	-0.3	–	–	–	–	1.3
Lease liabilities (IFRS 16)	181.1	-60.0	-1.8	52.2	-1.3	–	170.2
Financial debt	**443.5**	**115.6**	**-1.8**	**52.2**	**-1.3**	**0.5**	**608.7**

	Jan. 1, 2022	Cash changes				Non-cash changes	Dec. 31, 2022
			Change in the consolidated group	Additions to / disposals of lease liabilities	Currency adjustments	Changes in fair value and other	
Bonds	248.0	–	–	–	–	7.3	255.3
Promissory note loans	14.5	-9.0	–	–	–	–	5.5
Other financial debt	1.9	-0.3	–	–	–	–	1.6
Lease liabilities (IFRS 16)	185.0	-51.8	–	48.5	-0.5	–	181.1
Financial debt	**449.4**	**-61.1**	**–**	**48.5**	**-0.5**	**7.3**	**443.5**

27 Trade and other payables

	2023	2022
Liabilities from derivatives, non-current, not in hedging relationships (FL-FVtPL)	0.1	0.0
Other non-current financial, non-derivative liabilities (FL-AC)	0.1	0.0
Other non-current liabilities	**0.1**	**0.0**
Trade payables (FL-AC)	444.6	427.7
Advance payments received and offsetting items for work in progress (customer contract liabilities) (IFRS 15)	239.0	214.6
Liabilities to joint ventures and consortiums (FL-AC)	14.4	16.1
Liabilities to companies in which equity is held (FL-AC)	4.4	2.6
	702.4	**661.0**
Liabilities from derivatives, current, not in hedging relationships (FL-FVtPL)	1.4	1.9
Other current financial, non-derivative liabilities (FL-AC)	131.5	124.1
Trade and current other payables	**835.3**	**787.0**

Advance payments received and offsetting items for work in progress (customer contract liabilities) are not financial instruments in accordance with IFRS 9.

Other current financial non-derivative liabilities (FL-AC) consist primarily of liabilities to employees.

28 Other liabilities

	2023	2022
Liabilities for sales tax and other taxes	69.2	73.7
Personnel obligations	95.1	89.6
Social-security levies	34.8	32.3
Deferred income and / or accrued expenses	10.0	12.5
Total	**209.1**	**208.1**

29 Additional information on financial instruments

29.1 Carrying amounts and fair values

Carrying amounts and fair values of financial assets and financial liabilities, classified according to the categories of IFRS 9 and indicating the fair-value hierarchy according to IFRS 13, are as follows:

	Level according to IFRS 13 hierarchy	IFRS 9 category	Carrying amount	Fair value	Carrying amount	Fair value
				2023		2022
Assets						
Equity interests	3	FA-FVtOCI-EI	0.2	0.2	0.2	0.2
Loans	2	FA-AC	3.3	3.3	3.3	3.3
Other financial, non-derivative assets	2	FA-AC	39.6	39.6	29.6	29.6
Securities (FA-FVtOCI-DI)	1	FA-FVtOCI-DI	0.2	0.2	0.2	0.2
Receivables	2	FA-AC	753.3	753.3	702.8	702.8
Contract assets		(IFRS 15)	383.4		345.3	
Securities (FA-FVtPL)	3	FA-FVtPL	0.6	0.6	1.0	1.0
Marketable securities	1	FA-FVtPL	15.5	15.5	14.9	14.9
Marketable securities	1	FA-AC	175.0	175.0	0.0	0.0
Cash and cash equivalents	1	FA-AC	538.4	538.4	573.4	573.4
Derivatives						
Not in hedging relationships	2	FA-FVtPL	5.7	5.7	2.8	2.8
Equity & liabilities						
Financial debt, bonds	1	FL-AC	255.8	249.5	255.3	249.6
Financial debt, promissory note loans	2	FL-AC	181.4	183.2	5.5	5.4
Financial debt, other	2	FL-AC	1.3	1.3	1.6	1.6
Lease liabilities		(IFRS 16)	170.2		181.1	
Liabilities	2	FL-AC	463.3	463.3	446.4	446.4
Contract liabilities		(IFRS 15)	239.0		214.6	
Other non-derivative liabilities	2	FL-AC	131.6	131.6	124.1	124.1
Derivatives						
Not in hedging relationships	2	FL-FVtPL	1.5	1.5	1.9	1.9
Aggregated presentation by measurement category						
Financial assets measured at fair value through profit or loss		FA-FVtPL	21.8	21.8	18.7	18.7
Financial liabilities measured at fair value through profit or loss		FL-FVtPL	1.5	1.5	1.9	1.9
Financial assets measured at amortized cost		FA-AC	1,509.6	1,509.6	1,309.1	1,309.1
Financial liabilities measured at amortized cost		FL-AC	1,033.4	1,028.9	832.9	827.1
Financial assets measured at fair value through other comprehensive income – without reclassification to profit or loss		FA-FVtOCI-EI	0.2	0.2	0.2	0.2
Financial assets measured at fair value through other comprehensive income – with reclassification to profit or loss		FA-FVtOCI-DI	0.2	0.2	0.2	0.2

The other non-derivative liabilities include an amount of €97.0 million (previous year: €97.5 million) which is excluded from the scope of IFRS 7.

In accordance with IFRS 9, contract assets and contract liabilities are not financial instruments.

	Level	Recognized at fair value	Fair value information only in the notes	Recognized at fair value	Fair value information only in the notes
			2023		2022
Aggregated presentation by level in the IFRS 13 hierarchy					
Assets	1	15.7	713.4	15.1	573.4
	2	5.7	796.2	2.8	735.7
	3	0.8	0.0	1.2	0.0
Liabilities	1	0.0	249.5	0.0	249.6
	2	1.5	779.4	1.9	577.5
	3	0.0	0.0	0.0	0.0

For cash and cash equivalents, current receivables and liabilities and current other financial non-derivative assets and other non-derivative liabilities, the carrying amounts are approximately equal to the fair values due to the short residual terms. Other marketable securities include fixed-term deposits in the amount of €175.0 million and short-term pension funds in the amount of €15.5 million (previous year: €14.9 million). Cash (reporting year: €333.4 million; previous year: €228.4 million) and cash equivalents (reporting year: €205.0 million; previous year: €345.0 million) consist of bank balances in the form of current accounts, fixed-term deposits and deposits redeemable at notice with a term of up to three months, as well as cash.

The fair values of non-current financial assets and financial liabilities, which include the measurement categories “financial assets measured at amortized cost” (FA-AC) and “financial liabilities measured at amortized cost” (FL-AC), correspond to the present values calculated using current market-based interest-rate parameters.

For derivatives, the fair values are determined with the use of recognized financial-mathematical methods on the basis of observable market data such as exchange rates and interest rates (forwards and swaps: present-value method; options: option-pricing models).

The fair values of the listed securities and the financial liabilities from the bond issued in financial year 2019 (FL-AC) are derived from the respective market prices.

The equity interests are measured at amortized cost because, as a result of the generally low carrying amounts, it is assumed that this deviates only insignificantly from the fair values.

Hierarchy of fair values by valuation inputs:
All assets and liabilities either measured at fair value or for which fair-value disclosures are required are categorized within a level of the following IFRS 13 measurement hierarchy based on the quality and objectiveness of the inputs used in valuation:

Level 1: Current (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Market data other than the inputs in Level 1 such as prices in active markets for similar assets or liabilities, prices for identical assets or liabilities in markets that are not active, market-corroborated inputs (interest rates, implied volatilities, credit spreads) and derived prices or valuation inputs. Level 2 inputs may have to be adjusted to reflect the features of the asset or liability being measured (condition, location, market activity, etc.).

Level 3: Unobservable inputs, i.e., not market data but estimates and the Group's own information. This data is to be adjusted so that it reflects the assumptions of the (fictive) market participants.

The assessment as to whether financial assets and liabilities are to be reclassified between the different levels of the IFRS 13 hierarchy levels is made at the end of the reporting period.

29.2 Net earnings

Net earnings from financial instruments classified according to IFRS 9 measurement categories are as follows:

		2023	2022
Valuation category			
Financial assets and financial liabilities at fair value through profit or loss	FA-FVtPL & FL-FVtPL	3.2	-11.9
Financial assets at fair value through other comprehensive income – without reclassification to profit or loss	FA-FVtOCI-EI	0.0	0.0
Financial assets at fair value through other comprehensive income – with reclassification to profit or loss	FA-FVtOCI-DI	0.0	0.0
Financial assets at amortized cost	FA-AC	-8.5	4.0
Financial liabilities at amortized cost	FL-AC	-0.1	0.3

Net earnings from the valuation categories include the following income and expenses:

- FA-FVtPL & FL-FVtPL: income and expenses recognized in profit or loss from the measurement at fair value and gains / losses realized on disposals as well as dividend income
- FA-FVtOCI-EI: dividend income recognized in profit or loss; the income from measurement at fair value in other comprehensive income is presented in the statement of comprehensive income and amounted to €0.0 million (previous year: €0.0 million)
- FA-FVtOCI-DI: gains / losses realized on disposals recognized in profit or loss (reclassifications from cumulative other comprehensive income in profit or loss); the income from measurement at fair value in other comprehensive income is presented in the statement of comprehensive income and amounts to €0.0 million (previous year: €0.0 million)
- FA-AC: impairments and reversals recognized in profit or loss as well as income from currency translation
- FL-AC: expenses from currency translation recognized in profit or loss

Interest is not a component of the presented net earnings (see Note 12).

29.3 Offsetting agreements

The derivatives contracted by Bilfinger are partially subject to legally enforceable offsetting agreements (ISDA agreement, German framework contract for currency futures), which, however, do not allow any offsetting of receivables and payables in the balance sheet under IAS 32.42, i.e., there is no current legally enforceable right to offsetting with the simultaneous intention to settle on a net basis, but the right to offset in the case of delayed payment or insolvency on the part of a contracted party. These items are therefore presented in the balance sheet on a gross basis. The carrying amount of the derivatives that were subject to offsetting agreements with positive fair values is €5.7 million (previous year: €2.8 million); the carrying amount of the corresponding derivatives with negative fair values is €1.5 million (previous year: €1.9 million). The offsettable amount is €1.2 million (previous year: €0.4 million). This results in arithmetical net assets of €4.5 million (previous year: €2.4 million) and net liabilities of €0.3 million (previous year: €1.5 million). No contractual arrangements exist with regard to offsetting other financial assets and liabilities.

30 Risks related to financial instruments, financial risk management and hedging transactions

Bilfinger monitors financial risks (default risks, liquidity risks and market-price risks) with proven control mechanisms that allow for timely and transparent reporting. The Group's reporting system guarantees the regular identification, analysis, assessment and management of financial risks. All relevant equity interests and joint ventures are included in this monitoring. There is no extraordinary concentration of risk.

Fundamental questions of risk management such as defining or reviewing methods, limits or risk strategies are dealt with by a steering committee with the direct involvement of the Executive Board.

Liquidity risk is the risk that a company will have difficulties fulfilling the payment obligations arising from its financial liabilities. As a result of an unexpected negative business development, increased financing needs can occur in the operating units. At the same time, a negative business development can lead to changes in Bilfinger's credit rating, particularly through rating agencies and banks, which could lead to more difficult and more expensive financing, or make securing bonds and guarantees more difficult and expensive. In addition, it can lead to a breach of the financial covenant. Any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing and can thereby also lead to an unplanned loss of liquidity.

Bilfinger counters this risk by centrally monitoring liquidity development and risks in the Group using a rolling cash-flow planning and introducing countermeasures at an early stage. Within the context of central financing, Bilfinger SE makes necessary liquidity available to its subsidiaries. With the exception of economically less relevant regions, the Group's internal equalization of liquidity in Europe and the U.S. is supported by cross-border cash pooling.

To finance working capital, Bilfinger has a €300 million pre-approved syndicated credit line at attractive conditions that is in place until December 2028. This includes a standard market financial covenant in the form of a limitation of the dynamic gearing ratio adjusted net debt / adjusted EBITDA. The value as of December 31, 2023, is below the contractually agreed cap. If, in the case of a significant worsening, adjustment does not take place in agreement with the lender, any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing.

The sureties available for the execution of our project and services business with a volume of about €900 million are sufficiently dimensioned to accompany the further development of the company. In addition, Bilfinger has a U.S. surety program in the amount of US$ 750 million for the execution of our business in North America. All credit commitments can be called due prematurely in the case of a change of control.

The following chart shows the future contractual undiscounted payments on financial liabilities as of December 31, 2023, and December 31, 2022 (repayments, capital repayments, interest and derivatives with negative fair values). For derivative financial liabilities to be fulfilled on a gross basis (currency derivatives), payments received and payments made are shown; for derivative financial liabilities to be fulfilled on a net basis (interest-rate derivatives and commodity derivatives), net payments are shown.

	Carrying amount	**Total**	2024	2025	2026	2027-2030	>2030
2023							
Financial debt, bonds	255.8	**-258.4**	-258.4	–	–	–	–
Financial debt, promissory note loans	181.4	**-213.2**	-15.7	-9.9	-126.7	-60.9	–
Financial debt, other	1.3	**-1.3**	-0.7	-0.6	–	–	–
Lease liabilities (IFRS 16)	170.2	**-190.2**	-56.6	-38.2	-28.1	-51.2	-16.1
Liabilities	463.3	**-463.3**	-463.3	–	–	–	–
Other financial, non-derivative liabilities	131.6	**-131.6**	-131.6	–	–	–	–
Derivative financial liabilities to be fulfilled on a net basis	–	**–**	–	–	–	–	–
Derivative financial liabilities to be fulfilled on a gross basis	–						
Payments received		**115.9**	87.4	0.9	27.6	–	–
Payments made		**-118.3**	-88.6	-0.9	-28.8	–	–
		-2.4	-1.2	0,0	-1.2	–	–

	Carrying amount	**Total**	2023	2024	2025	2026-2029	>2029
2022							
Financial debt, bonds	255.3	**-272.5**	-11.3	-261.3	–	–	–
Financial debt, promissory note loans	5.5	**-5.9**	-0.1	-5.7	–	–	–
Financial debt, other	1.6	**-1.6**	-0.7	-1.0	–	–	–
Lease liabilities (IFRS 16)	181.1	**-200.1**	-53.7	-44.3	-29.4	-60.6	-12.2
Liabilities	446.4	**-446.4**	-446.4	–	–	–	–
Other financial, non-derivative liabilities	124.1	**-124.1**	-124.1	–	0,0	–	–
Derivative financial liabilities to be fulfilled on a net basis	–	**–**	–	–	–	–	–
Derivative financial liabilities to be fulfilled on a gross basis	1.9						
Payments received		**115.5**	115.5	–	–	–	–
Payments made		**-117.2**	-117.2	–	–	–	–
		-1.7	-1.7	–	–	–	–

With its international operations, Bilfinger is subject to various market-price risks, relating in particular to currency exchange rates, interest rates and the market values of financial investments. Bilfinger minimizes market-price risks by hedging against currency and interest-rate risks through derivative financial instruments. Our centralized controlling of market-price risks allows us to net out cash flows and financial positions to a large extent. Bilfinger makes use of derivative financial instruments to minimize residual risks and the resulting fluctuations in earnings, valuations and cash flows. Depending on the development of exchange rates and interest rates, hedging transactions could affect our net assets, financial position and results of operations. Bilfinger therefore does not undertake any financial transactions beyond the underlying business risk. Hedging is primarily carried out via micro-hedges.

Currency risk is the risk that the fair values or future payments of financial instruments might change due to exchange-rate movements. As a globally active company, Bilfinger is subject to exchange-rate fluctuations, e.g., between the euro and the U.S. dollar, since a portion of our volume of business is generated in the U.S. A rise of the euro against the U.S. dollar in particular could therefore have a negative impact on our financial position. Bilfinger uses currency futures or currency options to hedge risks relating to foreign-currency cash flows and balance-sheet items denominated in foreign currencies (not translation risks). Bilfinger generally hedges against transaction risks. Risk management takes place with the use of specified risk limits for outstanding foreign-exchange items. All future cash flows that are not denominated in the functional currency of the respective company of the Group are subject to currency risk.

Interest-rate risk is the risk that the fair values or future payments of financial instruments might change due to movements in market interest rates. Interest-rate changes can lead to increasing financing costs or to lower returns on marketable securities. Bilfinger counters risks from interest-rate changes by continually reviewing loans and investments with fixed and variable interest rates and, when necessary, hedges the interest-rate-change risk.

Bilfinger uses the value-at-risk method to quantify market-price risks. The value at risk is the potential loss of a particular risk position that with a probability of 95 percent will not be exceeded during the next five days. The calculation takes place on the basis of the variance-covariance approach. The value at risk is the maximum possible loss on the basis of the specified parameters, but does not make a statement on the distribution of loss or expected extent of loss if it is actually exceeded. Due to the regional distribution of its economic activities, Bilfinger believes that it is particularly exposed to currency fluctuations of the U.S. dollar and the UAE dirham - which is closely linked to the U.S. dollar - as well as the British pound, Norwegian krone and South African rand.

When calculating the value at risk for currency risks, potential changes in the valuation of the monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities) that are not denominated in the functional currency and currency derivatives are taken into consideration.

The value at risk for the risk of changes in interest rates takes into consideration potential changes in the valuation of financial instruments that are measured at fair value. This generally relates mainly to interest-rate swaps, which are hedging instruments within the scope of cash-flow hedges. On the balance-sheet date, no relevant instruments were held so that there was no corresponding interest-rate risk.

The periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of financial instruments held at the end of the reporting period. It is assumed that the volume at the balance-sheet date is representative of the whole year.

Value at risk amounts to €0.3 million (previous year: €0.5 million) for the currency risk. The interest rate risk in terms of a change in interest income and expense from variable-rate investments or financial liabilities in the event of an increase in the interest rate by 0.1 percentage point amounts to €0.2 million (net proceed).

The market-value risk of financial investments is the risk that the fair values or future payments from financial instruments might change due to price movements. As of the balance-sheet date, Bilfinger is not invested in any financial instruments that are subject to price changes.

The default risk is the risk that a contracting party of a financial instrument does not fulfill its payment obligations. Positive market values and the investment of liquid funds in banks result in credit risks from these banks. In the case of a collapse of the bank, there is the risk of a loss, which can have a negative impact on our net assets, financial position and results of operations. Bilfinger counters these risks by concluding relevant financial transactions with banks that have a sound public rating. In addition, on the basis of an internal limit system, a diversification of volumes and maturities takes place.

The risk of default on receivables in our business operations is regularly monitored and controlled by the companies of the Group. In this context, use is made, for example, of guarantees and sureties.

In connection with receivables and other financial non-derivative assets, possible default risks are reflected by impairments.

The maximum default risk connected with financial assets (e.g., cash and cash equivalents, securities, loans, receivables, derivative financial instruments) is equal to their carrying amounts in the balance sheet.

Due to this consistent application of the financing policy, there were no negative effects on the Group’s financial position or earnings in the past financial year.

Hedging instruments

Bilfinger currently relies exclusively on currency derivatives not designated as hedging instruments in a hedge accounting relationship pursuant to IFRS 9. See Note 29.1 regarding disclosures on their fair value.

	2023	2022
Derivatives with positive fair values		
not in hedging relationships		
Currency derivatives	5.7	2.8
	5.7	**2.8**
Total derivatives with positive fair values	**5.7**	**2.8**
Derivatives with negative fair values		
not in hedging relationships		
Currency derivatives	1.5	1.9
	1.5	**1.9**
Total derivatives with negative fair values	**1.5**	**1.9**

Other disclosures

31 Additional information on capital management

The goal of capital management at Bilfinger is to maintain a strong financial profile. In addition to securing liquidity and limiting financial risks, the focus is on maintaining sufficient financial flexibility as a precondition for the continuous further development of our business portfolio. Bilfinger pursues the goal of optimizing the total cost of capital on the basis of an adequate capital structure under consideration of financial covenants. Net debt and net liquidity are therefore taken into account in particular. This comprises financial debt, including lease liabilities, less cash and cash equivalents, as well as securities and other financial assets, adjusted where necessary for other selected items.

	2023	2022
Marketable securities	190.5	14.9
Cash and cash equivalents	538.4	573.4
Financial debt – non-current	294.9	388.9
thereof lease liabilities	119.5	133.2
Financial debt – current	313.9	54.7
thereof lease liabilities	50.7	47.9
Financial debt	608.8	443.5
Net debt (-) or net liquidity (+)	120.1	144.8

Since 2012, the credit quality of Bilfinger has been evaluated by rating agency Standard & Poor's (S&P). S&P rates Bilfinger as BB+ / stable outlook as of December 31, 2023 (December 31, 2022: BB / stable outlook).

On the basis of mid-term corporate planning and with a view to various acquisition and development scenarios, the financial scope for action is regularly analyzed in terms of any action that might need to be taken.

32 Contingent liabilities and other financial obligations

	2023	2022
Liabilities from guarantees	14.9	18.7

Contingent liabilities generally relate to guarantees provided for former Group companies that were sold and companies in which Bilfinger holds a minority interest, the vast majority of which are collateralized by the buyers of the former Group companies. There are bank guarantees in the amount of €4.0 million in place for this. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortiums and joint ventures.

Other contingent liabilities comprise in particular potential litigation charges. These include judicial, arbitrative, and out-of-court proceedings involving customers and subcontractors that file claims or may in the future file claims under various contracts, for example under contracts for maintenance and servicing as well as other supply and service relationships. At this time, however, Bilfinger does not expect that these legal disputes will result in any significant negative effects on its net assets, financial position and results of operations.

33 Executive Board and Supervisory Board

Along with fixed remuneration components, the remuneration of the Executive Board is composed of variable remuneration with two components: a one-year component and a multi-year component. The remuneration system for Executive Board members establishes incentives that are in line with and support the corporate strategy: The one-year variable remuneration (short-term incentive, STI) is aligned with the Bilfinger Group's economic success targets EBITA and free cash flow. With the individual performance factor, the Supervisory Board takes into account the individual performance of the Executive Board members and ESG targets (Environmental, Social & Governance). In order to align the remuneration of the Executive Board members with the long-term success of the company, the multi-year variable remuneration (long-term incentive, LTI) plays a key role in the total remuneration. The LTI is granted in the form of a performance share plan with one-year performance periods and a subsequent three-year share acquisition and holding obligation. The economic success target is the development of the unadjusted return on capital employed (ROCE) after taxes for the Bilfinger Group during the performance period. For details on the LTI, please refer to the following section “Share-based payment” (see Note 34).

When determining the STI target achievement in the reporting year and the prior year and for the LTI tranches 2023-2026 and 2022-2025, the Supervisory Board decided to make adjustments to the economic performance criteria as part of the application of the remuneration system. For the STI 2023, reported EBITA was adjusted for special items in connection with the efficiency program and income from the sale of non-operating properties. Accordingly, free cash flow for the STI 2023 was also adjusted for lower payments in connection with the efficiency program and proceeds from the disposal of non-operating properties. The Supervisory Board has set the individual performance factor for the STI 2023 at 1.2 for current members of the Executive Board. For the STI 2022, reported EBITA was adjusted to exclude expenses in connection with the efficiency program and the Russia-Ukraine war as well as income from the sale of non-operating properties. In addition, for the STI 2022, free cash flow was adjusted to exclude proceeds from the disposal of non-operating properties and payments in connection with the Russia-Ukraine war. For the LTI tranche 2023-2026, ROCE 2023 was also adjusted for special items in connection with the efficiency program and income from the sale of non-operating properties. For the LTI tranche 2022-2025, ROCE 2022 was adjusted for balance-sheet effects as well as expenses and income in connection with the efficiency program, the disposal of non-operating properties and the Russia-Ukraine war. The Annual General Meeting 2023 approved the adjustment of the remuneration system for members of the Executive Board resolved by the Supervisory Board in March 2023 (“Remuneration System 2023”, available on the Bilfinger SE website). The change also affects the structure of the LTI. There was no use case for the 2023 remuneration system as of the reporting date.

Members of the Executive Board are granted a pension. The commitment to a pension can be granted in the form of an insurance-linked pension scheme implemented by a provident fund or in the form of a pension payment as an additional fixed component of salary. In the case of an insurance-linked scheme implemented by a provident fund, Executive Board members retiring from the age of 62 receive pension payments and their surviving dependents receive pension entitlements in the form of a widow or orphan pension provided the other requirements are met. The benefits described above are outsourced to an external pension provider in the form of a reinsured provident fund and are based on annual contributions contractually agreed by the company to the provident fund for the members of the Executive Board which are recognized in profit or loss. Since financial year 2018, all future pension entitlements have been fully funded, so that there is no further burden on the company when the benefits fall due. Pension entitlements from previous years provide for a minimum annual adjustment of 1 percent. Bilfinger is only obligated to make an additional payment with regard to the minimum adjustment amounts if the amount cannot be covered by surpluses generated by the provident fund.

In the Executive Board contract with current Executive Board Chairman Dr. Schulz, an initial payment totaling €2 million gross was agreed to compensate for financial disadvantages caused by forfeiture in particular of variable compensation from his previous employer, with payment by the company to be made in two equal net instalments with the first and thirteenth month's salary. 50 percent of the tranche received must be invested immediately in Bilfinger shares, which are to be held for three years. This portion of the initial payment represents share-based remuneration in accordance with IFRS 2 (see Note 34). The first tranche was paid out to Dr. Schulz with his March 2022 salary. The second tranche was paid to Dr. Schulz with his salary for March 2023. The corresponding investment in Bilfinger shares was not made until September 2023 due to ongoing and overlapping (potential) insider situations. Accordingly, Dr. Schulz acquired a total of 16,450 Bilfinger shares in September 2023, which are subject to a three-year holding obligation.

Total remuneration of the members of the Executive Board is presented in the table below (remuneration in accordance with Section 314 Paragraph 1 No. 6 HGB).

€ thousand	2023	2022
Non-performance-related remuneration		
Fixed remuneration[1]	2,650	4,196
Fringe benefits	65	67
Performance-related remuneration		
Short-term incentive	1,178	2,010
Long-term incentive	2,795	2,050
Total remuneration	**6,688**	**8,323**

1: Including an inaugural payment of €500 thousand (previous year: €1,500 thousand) to Dr. Schulz

Total remuneration for key management personnel as defined by IAS 24 was €8,616 thousand (previous year: €15,623 thousand). Of that amount, €5,639 thousand was accounted for by short-term benefits (previous year: €7,269 thousand), €230 thousand by post-employment benefits (previous year: €395 thousand), €0 thousand by termination benefits (previous year: €4,664 thousand) and €2,910 thousand by share-based payment (previous year: €2,935 thousand). In the previous year, termination benefits included in particular remuneration for Ms. Johansson and Mr. Hall for the period between leaving the Executive Board and termination of the Executive Board contract and, in the case of Ms. Johansson, a settlement to compensate for the originally agreed remuneration for the period following early termination of the Executive Board contract up to the originally agreed end of the Executive Board contract. A liability of €1,178 thousand (previous year:

€2,395 thousand) was recognized for short-term benefits not yet paid at the end of the reporting year and €0 thousand (previous year: €1,135 thousand) for termination benefits.

The total remuneration paid to former members of the Executive Board or their surviving dependents amounted to €3,697 thousand (previous year: €9,357 thousand). The present value of future pension obligations for those persons calculated in accordance with IAS 19 amounts to €24,172 thousand (previous year: €24,119 thousand).

Total remuneration of the members of the Supervisory Board amounts to €1,894 thousand (previous year: €1,889 thousand), plus reimbursement of expenses in the amount of €73 thousand (previous year: €82 thousand). These are short-term benefits in accordance with IAS 24.

34 Share-based payment

For members of the Executive Board, a long-term incentive plan (LTI) exists, which includes the annual issue of virtual shares of Bilfinger SE, so-called performance share units (PSU). The LTI has a one-year performance period followed by a share distribution or share purchase obligation and a three-year shareholding obligation. At the end of the performance period, the PSUs for the respective financial year have been vested. If a member of the Executive Board leaves during the year, the number of vested PSUs is determined pro rata temporis up to the date of departure. The development of the return on capital employed (ROCE) for the Bilfinger Group during the performance period is decisive as the economic success target. At the end of the one-year performance period, the final number of PSUs is calculated on the basis of the ROCE degree of target achievement. The final number of PSUs is used to calculate the virtual gross payout amount. The virtual gross payout amount is used to calculate the virtual net payout amount after deduction of taxes and other charges. The number of Bilfinger shares to be transferred is determined on the basis of the virtual net payout amount. The Bilfinger shares will be transferred to the Executive Board member after the Annual General Meeting of Bilfinger SE to which the annual financial statements for the financial year of the performance period are submitted. The Executive Board member is obligated to hold the Bilfinger shares for at least three years from the time the shares are transferred. Bilfinger has the right to make a cash settlement as an alternative to the share transfer. In this case, the Executive Board member is obligated to purchase Bilfinger shares in the amount of the cash settlement and to hold them accordingly. In addition to the regular annual grant of PSUs, a supplementary agreement was in place to increase the PSUs granted in the reporting year and in the previous year for the period until the end of February 2022 in which the Executive Board consists of only two members. In accordance with IFRS 2, the LTI is accounted for as an equity-settled share-based payment because Bilfinger has neither a legal nor a constructive obligation to settle in cash. The fair value of a PSU at the grant date corresponds to the Bilfinger share price on the grant date, taking into account a discount for expected future dividends until the transfer of the real shares.

The portion of the inaugural payment to Dr. Schulz (see Note 33) that is to be invested in Bilfinger shares was accounted for as a share-based payment settled in equity instruments in accordance with IFRS 2.

In the reporting year, 64,534 (previous year: 113,113) virtual shares were granted to the Executive Board and former members of the Executive Board. The weighted average fair value of these shares at the time of granting was €25.13 (previous year: €26.97).

The Bilfinger Executive Share Plan 2.0 (ESP 2.0) is in place for senior executives, under the terms of which participants are allocated a certain number of Bilfinger SE shares on a provisional basis each year (performance shares). The term of a tranche is four years. The economic success target to be achieved is determined for each tranche separately. After the end of the first year of a tranche, the final number of performance shares is determined depending on the degree of target achievement. After a holding period of a further three years, the performance shares are converted into an identical number of real shares in Bilfinger SE and transferred to the participants. Bilfinger has the right to choose a cash settlement as an alternative. The ESP 2.0 is accounted for in accordance with IFRS 2 as an equity-settled share-based payment. The fair value of the virtual shares at the time of granting in the financial year under ESP 2.0 amounted to €29.20 (previous year: €23.47), measured at the Bilfinger share price at the time of granting less the present value of the dividends expected until the transfer of the real shares.

In financial year 2020, a one-time share-based payment plan with a term of two years was introduced for selected employees, under which shares in Bilfinger SE were transferred to the beneficiaries in the previous year.

The development of the number of virtual shares from all share-based payment plans is shown in the following table.

	2023	2022
Outstanding virtual shares at January 1	107,270	250,058
Virtual shares granted in the reporting year	240,524	226,069
Virtual shares forfeited in the reporting year	9,483	158,702
Finally allocated virtual shares at December 31	114,885	210,155
Outstanding virtual shares at December 31	223,426	107,270

The expenses from share-based payments are recognized pro rata over the vesting period. The expense recognized in profit or loss from share-based payments was €2.3 million (previous year: €3.9 million).

Share-based payments had the following effect on equity:

The capital reserve changed by -€2.9 million (previous year: -€5.9 million). Due to the share transfer under the LTI as well as payment of the second instalment of the inaugural payment, this figure declined by -€4.2 million (previous year: -€8.9 million). This was partially countered by the offsetting entry against the expense recognized for the LTI and the share-based portion of the inaugural payment to Dr. Schulz by €1.3 million (previous year: €2.9 million).

The change of -€1.0 million (previous year: -€1.4 million) in retained earnings is made up of an increase due to the offsetting entry to the recognized expense from share-based payments not attributable to Executive Board members in the amount of €1.0 million (previous year: €0.6 million) as well as reductions in retained earnings from the transfer of shares and cash settlements under the one-time share-based remuneration plan for selected employees in the amount of -€2.0 million in the previous year.

Treasury shares decreased by €2.3 million (previous year: €7.6 million) due to the settlement of share-based payments.

35 Related-party disclosures

Related parties as defined by IAS 24 are persons or entities that can be influenced by the reporting company or that can exert a significant influence on the reporting company.

The significant transactions between fully consolidated companies of the Group and related parties mainly involved associates, joint ventures and non-consolidated subsidiaries and construction joint ventures. Business transactions with related parties result from the normal exchange of goods and services and are conducted at arm's length. Services received relate almost exclusively to employee secondments while revenue relates to sales from services to joint ventures. They are shown in the table below.

	Associates		Joint ventures		Non-consolidated subsidiaries		Construction joint ventures	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenue	0.1	0.1	16.7	16.0	0.0	0.0	0.0	0.0
Services received	48.6	55.6	0.0	0.0	0.0	0.9	0.0	0.0
Receivables	2.4	1.7	6.0	5.3	0.1	0.1	3.4	1.8
Liabilities	4.2	1.5	0.0	0.0	0.1	1.1	14.4	16.1
Guarantees granted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Remuneration of the Executive Board and the Supervisory Board is explained in the section "Executive Board and Supervisory Board" (see Note 33). No further transactions with the Executive Board, the Supervisory Board and their close relations who are subject to disclosure took place in the reporting year.

Pursuant to the notification in accordance with Section 33 Subsection 1 of the German Securities Trading Act (WpHG) dated November 17, 2023, the investment company Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, holds 26.61 percent of voting rights with respect to Bilfinger SE capital. Over the past financial year, as was the case in the prior year, no business was conducted between Bilfinger SE or, respectively, its Group companies and Cevian Capital.

36 Auditors' fees

The fees listed below cover all of the services provided to the companies of the Bilfinger Group in financial year 2023 by the external auditors, PricewaterhouseCoopers. Insofar as these services relate to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, the fees are shown as 'thereof' in the following table.

	2023	2022
Audit services	3.2	2.8
thereof in Germany	1.4	1.2
Other assurance services	0.1	0.1
thereof in Germany	0.1	0.1
Tax-consulting services	0.0	0.0
thereof in Germany	0.0	0.0
Other services	0.0	0.0
thereof in Germany	0.0	0.0
Total	**3.3**	**2.9**

Audit services include expenses for the audit of the consolidated financial statements and the annual financial statements of Bilfinger SE, expenses for statutory and voluntary audits of subsidiaries as well as expenses for the audit review of the half-year financial report of Bilfinger SE.

The fees for other assurance services mainly include assurance services relating to sustainability reporting.

37 Declaration of compliance

Bilfinger SE is included in the consolidated financial statements as a listed company.

As prescribed by Section 161 of the German Stock Corporation Act, an annual declaration of compliance was issued by the Executive Board and the Supervisory Board on December 15, 2023, and on that date was made permanently available to the shareholders on Bilfinger's website.

38 Events after the balance-sheet date

In September 2023, Bilfinger signed an agreement for the acquisition of portions of the Stork Group, previously part of the Fluor Corporation (USA), for a purchase price of €26 million. The transaction primarily includes the operating units in the Netherlands and Belgium as well as a number of units in Germany and the U.S., with a total of more than 2,700 full-time employees and revenue of around €500 million. The transaction is expected to close in the first half of 2024.
Furthermore, Bilfinger decided to repay the bond, which is due on June 14, 2024, ahead of schedule on March 14, 2024.

39 List of subsidiaries and equity interests of Bilfinger SE

A. FULLY CONSOLIDATED COMPANIES I. German companies exempted pursuant to Section 264 Paragraph 3 / Section 264b of the German Commercial Code (HGB)	Equity interest %
Bilfinger arnholdt GmbH, Oberhausen	100
Bilfinger Corporate Insurance Management GmbH, Mannheim	100
Bilfinger Corporate Real Estate Management GmbH, Mannheim	100
Bilfinger Digital Next GmbH, Aarbergen	100
Bilfinger Engineering & Maintenance GmbH, Heidelberg	100
Bilfinger Engineering & Technologies GmbH, Oberhausen	100
Bilfinger Global IT GmbH, Mannheim	100
Bilfinger Infrastructure Mannheim GmbH, Mannheim	100
Bilfinger ISP Europe GmbH, Mannheim	100
Bilfinger Life Science Automation GmbH, Flensburg	100
Bilfinger Life Science Nutrition GmbH, Flensburg	100
Bilfinger Noell GmbH, Würzburg	100
Bilfinger Shared Services GmbH, Mannheim	100

A. FULLY CONSOLIDATED COMPANIES II. Other German companies	Equity interest %
Bilfinger education GmbH, Heinsberg	100
Bilfinger Industrial Services Germany GmbH, Burghausen	100
BIS Industrieservice Mitte GmbH, Frankfurt am Main	100

A. FULLY CONSOLIDATED COMPANIES

III. International

	Equity interest %
Babcock Borsig Service Arabia Ltd., Dammam, Saudi Arabia	100
Bilfinger Berger (Canada) Inc., Richmond, BC, Canada	100
Bilfinger Berger Civil Pty Ltd, Belmont Victoria, Australia	100
Bilfinger Berger Qatar W.L.L., Doha, Qatar	49[1)]
Bilfinger Bohr- und Rohrtechnik GmbH, Wolkersdorf im Weinviertel, Austria	100
Bilfinger Brabant Mobiel B.V., Oosterhout, Netherlands	100
Bilfinger Chemserv GmbH, Linz, Austria	100
Bilfinger Construction UK LIMITED, Manchester, United Kingdom	100
Bilfinger Danmark A/S, Esbjerg, Denmark	100
Bilfinger De Bruin B.V., Brielle, Netherlands	100
Bilfinger Deutsche Babcock Emirates LLC, Abu Dhabi, United Arab Emirates	49[1)]
Bilfinger Deutsche Babcock Middle East FZE, Dubai, United Arab Emirates	100
Bilfinger EMV BV, Zwijndrecht, Belgium	100
Bilfinger Engineering & Maintenance Nordics AB, Kungälv, Sweden	100
Bilfinger Engineering & Maintenance Nordics AS, Porsgrunn, Norway	100
Bilfinger Engineering & Maintenance Nordics Oy, Porvoo, Finland	100
Bilfinger GreyLogix Austria GmbH in Liqu., Vienna, Austria	100
Bilfinger Height Specialists B.V., Rotterdam, Netherlands	100
Bilfinger Inc., Wilmington, Delaware, USA	100
Bilfinger Industrial Services België N.V., Zwijndrecht, Belgium	100
Bilfinger Industrial Services Beteiligungs GmbH, Linz, Austria	100
Bilfinger Industrial Services GmbH, Linz, Austria	100
Bilfinger Industrial Services IM AS, Porsgrunn, Norway	100
Bilfinger Industrial Services Inc., Wilmington, Delaware, USA	100
Bilfinger Industrial Services Nederland B.V., Brielle, Netherlands	100
Bilfinger Industrial Services Österreich GmbH, Linz, Austria	100
Bilfinger Industrial Services Polska Sp. z o.o., Warsaw, Poland	100
Bilfinger Industrial Services Schweiz AG, Zofingen, Switzerland	100
Bilfinger Insulation B.V., Brielle, Netherlands	100
Bilfinger International Construction and Trading N.V., Zwijndrecht, Belgium	100
Bilfinger Intervalve Africa (Pty) Ltd., Rivonia, South Africa	100
Bilfinger Life Science GmbH, Puch bei Hallein, Austria	100
Bilfinger LTM Industrie SAS, Toussieu, France	100
Bilfinger Nordics AS, Stavanger, Norway	100
Bilfinger North America Inc., Wilmington, Delaware, USA	100
Bilfinger Northwest Europe Limited, Aberdeen, United Kingdom	100
Bilfinger Peters Engineering SAS, Montrouge, France	91
Bilfinger Piping Technologies UK Limited, Warrington, United Kingdom	100
Bilfinger Power Africa (Pty) Ltd., Rivonia, South Africa	100
Bilfinger ROB B.V., Terneuzen, Netherlands	100
Bilfinger ROB N.V., Zwijndrecht, Belgium	100
Bilfinger Salamis UK Limited, Aberdeen, United Kingdom	100

	Equity interest %
Bilfinger Scaffolding B.V., Brielle, Netherlands	100
Bilfinger Shared Services B.V., Brielle, Netherlands	100
Bilfinger Tebodin B.V., The Hague, Netherlands	100
Bilfinger Tebodin Belgium NV, Zwijndrecht, Belgium	100
Bilfinger Tebodin CIS B.V., The Hague, Netherlands	100
Bilfinger Tebodin Czech Republic, s.r.o., Prague, Czech Republic	100
Bilfinger Tebodin d.o.o., Belgrade, Serbia	100
Bilfinger Tebodin Hungary Kft., Budapest, Hungary	100
Bilfinger Tebodin Netherlands B.V., The Hague, Netherlands	100
Bilfinger Tebodin Poland Sp. z o.o., Warsaw, Poland	100
Bilfinger Tebodin România S.R.L., Bucharest, Romania	100
Bilfinger Tebodin Slovakia s.r.o., Bratislava, Slovakia	100
Bilfinger Tebodin Ukraine CFI, Kiev, Ukraine	100
Bilfinger UK Limited, Warrington, United Kingdom	100
Bilfinger VAM Anlagentechnik GmbH, Wels, Austria	100
BIS Portugal, Unipessoal Lda, Lisbon, Portugal	100
Centennial Contractors Enterprises Inc., Reston, Virginia, USA	100
FCC LLC, Clayton, Missouri, USA	100
Multiserwis Sp. z o.o., Krapkowice, Poland	83
Steinmüller Africa (pty) Ltd., Rivonia, South Africa	68
Tebodin Middle East Holding Limited, Nicosia, Cyprus	100
Tebodin Middle East Ltd., Nicosia, Cyprus	100
Tebodin Singapore Pte. Ltd., Singapore, Singapore	100

B. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

II. International	Equity interest %
Atlantic NICC JV LLC, Chantilly, VA, USA	49
BCC EemsH2 VOF, Groningen, Netherlands	47
BILFINGER (THAI) CONSTRUCTION CO. LTD., Bangkok, Thailand	49
Eduardo Construction (pty) Ltd., Witbank, South Africa	29
GMH-C JV, LLC, Jacksonville, Florida, USA	49
Midnight Sun - Centennial JV, LLC, Anchorage, Alaska, USA	49
Midnight Sun-Centennial Kirratchiaq JV, LLC, Anchorage, Alaska, USA	49
Midnight Sun-Centennial Sunnliaq JV, LLC, Anchorage, Alaska, USA	49
SIP's UNITED V.O.F., Vlaardingen, Netherlands	50
Tebodin & Partners Saudi for Engineering Consultancy, Jeddah, Saudi Arabia	51
Veteran's Construction Alliance LLC, Norfolk, Virginia, USA	49
Veteran's Construction Coalition LLC, Norfolk, Virginia, USA	49
Veteran's Construction Enterprises, LLC, Norfolk, Virginia, USA	49

C. NON-CONSOLIDATED COMPANIES

I. Germany	Equity interest %
Babcock Fertigungszentrum GmbH, Oberhausen	50
Bau-Union Potsdam Gesellschaft mit beschränkter Haftung, Leipzig	100
PR France GmbH, Aarbergen	100

C. NON-CONSOLIDATED COMPANIES

II. International	Equity interest %
Bilfinger One Belgium BV, Zwijndrecht, Belgium	100
BMO B.V., Oosterhout, Netherlands	100
Deutsche Babcock Nigeria Ltd., Abuja, Nigeria	70
Tebodin Design & Engineering Technology Libya JSC, Tripoli, Libya	60

D. GERMAN CONSTRUCTION JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

I. Germany	Equity interest %
ARGE Baugrube DKÖ Düsseldorf, Cologne	65
ARGE Fernwärmeanbindung Mannheim DN 1000 RUN, Sengenthal	23
ARGE Fernwärmeleitung Dattel-Recklinghausen Los 1, Cologne	47
ARGE Ing.-Bau Rethebrücke, Hamburg	50
ARGE LEH A1 Köln-Lövenich, Cologne	20
ARGE Nord-Süd Stadtbahn Köln, Los Süd, Cologne	33
ARGE Rethebrücke, Hamburg	39

D. JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

II. International	Equity interest %
Highway Management Construction (M1), Hillsborough, United Kingdom	33
Highway Management Construction (M80), Manchester, United Kingdom	50
JV Streicher-Bilfinger EMS, Ploiesti, Romania	50

[1] Control due to contractual arrangements

Mannheim, February 29, 2024
Bilfinger SE
The Executive Board

Dr. Thomas Schulz

Matti Jäkel

D Explanations and additional information

D.1 Responsibility statement

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

Mannheim, February 29, 2024
Bilfinger SE
The Executive Board

Dr. Thomas Schulz

Matti Jäkel

D.2 Independent Auditor's report

To Bilfinger SE, Mannheim

Report on the Audit of the Consolidated financial statements and of the Group management report

Audit Opinions

We have audited the consolidated financial statements of Bilfinger SE, Mannheim, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Bilfinger SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group 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 consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group 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 Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities 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 non-audit 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 consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated 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 Accounting treatment of revenues from project and service orders recognized over time

2 Recoverability of goodwill

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 Accounting treatment of revenues from project and service orders recognized over time

a In the Company's consolidated financial statements revenues totaling € 4,485,6 million are reported in the consolidated statement of profit or loss. Revenues are almost exclusively attributable to project orders and service business to be recognized over time. A material impact on revenue recognition and deferral is the judgement of the timing or period of the fulfillment of performance obligations. In the case of fixed-price contracts, the estimate of the stage of completion is based on the ratio of the actual contract costs already incurred, including any follow-up costs and contract risks, to the planned total costs. Otherwise, revenue is recognized in accordance with the goods and services transferred to that point. Revenue is recognized according to the stage of completion. IFRS 15 requires estimates and judgments to be made in certain areas, the appropriateness of those had to be assessed in the context of our audit. In particular, the estimation of the planned total costs of the project orders to be recognized over time as well as the proper determination of the costs incurred for the orders are based on the estimates and assumptions of the executive directors. Cost overruns as well as changes in project scope due to unforeseeable developments can lead to significant deviations regarding revenues, estimates of total costs and the resulting profit realization compared to the initial estimates of the executive directors. The proper recognition and deferral of revenue under Group-wide application of the accounting standard IFRS 15 is therefore to be considered complex, in particular with regard to the application of period-based realization and the determination of the percentage of completion. The Company has put in place comprehensive systems and processes throughout the Group for the purposes of accurately recognizing and deferring revenue.

Against this background and due to the resulting estimation uncertainties as well as the complexity of the accounting under Group-wide application of IFRS 15, this matter was of particular significance in the context of our audit.

b As part of our audit, we assessed, among other things, the appropriateness and effectiveness of the processes and controls established by the Group for the recognition of revenue from project orders over time, taking into account the stage of completion. In addition, we discussed with the executive directors and the responsible management of the respective Group company and evaluated on a regular basis the development of significant project orders. Moreover, our audit included an assessment of the accounting methods and estimates made by the executive directors, in particular with regard to the period and timing of realization. In doing so, it was determined whether the agreements with the customers contained significant financing components in view of any need for correction in determining the transaction price. In addition, with respect to project orders recognized over time we examined projects on a sample basis to determine whether they met the requirements for recognizing profit over time in accordance with IFRS 15. In doing so, we evaluated the estimates and judgments made by the executive directors with respect to the recognition and deferral of revenue for the various business models of the Group companies. Furthermore, we assessed the calculation of percentage of completion and the proportionate recognition of revenue and profit derived from this. In this context, we traced the determination of both the planned total costs and the actual contract costs incurred, including any follow-up costs and contract risks for the respective project as a whole. Where necessary, we also evaluated the progress of the respective project by discussing it with project managers and inspecting project documents. Along with this, we also assessed, among other things, the consideration of contractual terms and conditions, such as late payment and contractual penalties. We also addressed the inherent audit risk in this audit area by an audit strategy that was consistently applied throughout the Group.

We were able to satisfy ourselves that the estimates and assumptions made by the executive directors for the accounting treatment of revenues from project and service orders recognized over time are sufficiently documented and substantiated.

c The Company's disclosures on the accounting treatment of revenues from project and service orders are contained in sections "3.3 Significant accounting policies", "3.4 Assumptions and estimates" and "6 Revenue", of the notes to the consolidated financial statements.

2 Recoverability of goodwill

a In the Company's consolidated financial statements goodwill amounting in total to € 782.9 million (23.3 % of total assets or 66.3 % of equity) is reported under the "Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. 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 weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rates of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, 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 performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate and rates of growth 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 as well as rates of growth applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the groups of cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

c The Company's disclosures on impairment testing and goodwill are contained in sections "3.3 Significant accounting policies", "3.4 Assumptionst and estimates" and "15.1 Goodwill" of the notes to the consolidated financial statements.

Other Information

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

- the non-financial group statement to comply with §§ 315b to 315c HGB included in section "B.5 Non-financial Group declaration" of the group management report
- the section "B.3.1.4 Assessment of adequacy and effectiveness" of the group management report

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group 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 consolidated financial statements, with the group 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 Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 group 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 group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated 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 consolidated financial statements and on the group 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 consolidated financial statements and this group 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 consolidated financial statements and of the group 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 consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group 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.
- 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 Group'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 consolidated financial statements and in the group 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 Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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..

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group 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 consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file BILFINGER_SE_KA+ZLB_ESEF-2023-12-31.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 consolidated financial statements and the group 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 consolidated financial statements and the group 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 consolidated financial statements and the accompanying group management report for the financial year from

1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group 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 consolidated financial statements and the group 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 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

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 consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 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.

Group 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 consolidated 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 consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 20 April 2023. We were engaged by the supervisory board on 12 July 2023. We have been the group auditor of the Bilfinger SE, Mannheim, without interruption since the financial year 2021.

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 consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group 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 Dirk Wolfgang Fischer.

Mannheim, 29. February 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Dirk Wolfgang Fischer	sgd. Dr. Martin Nicklis
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

D.3 Practitioner’s Report on Non-financial Reporting

Independent Practitioner’s Report on a Limited Assurance Engagement on Non-financial Reporting *

To Bilfinger SE, Mannheim

We have performed a limited assurance engagement on the non-financial group statement of Bilfinger SE, Mannheim, (hereinafter the “Company”) for the period from 1 January to 31 December 2023 (hereinafter the “Non-financial Group”) included in section “Non-financial Group Declaration” of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation”) and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section “Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation” of the Non-financial Group Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Non-financial Group Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section “Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation” of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Audit Firm’s Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors

* PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

(“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer“: “BS WP/vBP”) as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company’s Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation” of the Non-financial Group Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group’s sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement
- Identification of likely risks of material misstatement in the Non-financial Group Statement
- Analytical procedures on selected disclosures in the Non-financial Group Statement
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Non-financial Group Statement
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-financial Group Statement
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation" of the Non-financial Group Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt/Main, 29 February 2024
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke Wirtschaftsprüferin [German public auditor]	ppa. Benjamin Wolf

D.4 Return-on-capital-employed controlling

	Engineering & Maintenance Europe		Engineering & Maintenance International		Technologies		Total of segments		Reconciliation Group		Total Continuing operations	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
in € million												
Goodwill	413.0	410.5	224.0	228.4	149.0	149.0	786.0	787.9	0.0	0.0	786.0	787.9
Property, plant and equipment	196.3	191.4	12.6	14.6	14.7	13.1	223.6	219.1	26.9	35.5	250.5	254.6
Other non-current assets	145.8	148.7	32.8	32.7	24.6	26.6	203.3	208.0	33.9	29.0	237.1	237.0
Current assets	786.1	721.4	272.8	243.2	232.4	193.2	1,291.3	1,157.8	617.3	659.2	1,908.6	1,817.0
Segment assets	**1,541.3**	1,471.9	**542.2**	518.9	**420.7**	381.9	**2,504.2**	2,372.7	**678.1**	723.7	**3,182.2**	3,096.4
Segment liabilities	718.7	637.8	188.8	171.0	273.1	232.1	1,180.6	1,040.9	912.5	844.5	2,093.1	1,885.5
Interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-794.1	-699.2	-794.1	-699.2
Non-interest-bearing liabilities	**718.7**	637.8	**188.8**	171.0	**273.1**	232.1	**1,180.6**	1,040.9	**118.4**	145.3	**1,299.0**	1,186.2
Balance	**822.6**	834.1	**353.4**	347.9	**147.6**	149.8	**1,323.6**	1,331.8	**559.7**	578.4	**1,883.2**	1,910.2
Financial assets, project-related	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets, division-related	66.8	122.2	0.0	0.0	95.2	98.3	162.0	220.6	-162.0	-220.6	0.0	0.0
Operating financial assets	**66.8**	122.2	**0.0**	0.0	**95.2**	98.3	**162.0**	220.6	**-162.0**	-220.6	**0.0**	0.0
Capital employed	**889.4**	956.4	**353.4**	347.9	**242.8**	248.1	**1,485.5**	1,552.4	**397.7**	357.9	**1,883.2**	1,910.2
EBITA	**161.1**	104.7	**2.9**	-8.4	**33.3**	8.4	**197.3**	104.7	**-6.5**	-29.3	**190.8**	75.5
EBIT	**160.1**	104.7	**2.9**	-8.4	**33.3**	8.4	**196.2**	104.7	**-6.5**	-29.3	**189.7**	75.5
Interest income and income from securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.3	5.3	20.3	5.3
Interest income, division-related (5.2% / previous year 2.3%)	3.5	2.8	0.0	0.0	4.9	2.3	8.4	5.1	-8.4	-5.1	0.0	0.0
Taxes	-27.9	-15.9	0.7	0.3	-5.2	0.1	-32.5	-15.5	50.7	-4.9	18.3	-20.4
Return	**135.6**	91.6	**3.5**	-8.0	**33.0**	10.7	**172.1**	94.3	**56.2**	-34.0	**228.3**	60.3
ROCE (return on capital employed)	**15.2%**	9.6%	**1.0%**	-2.3%	**13.6%**	4.3%	**11.6%**	6.1%	**-**	-	**12.1%**	3.2%
WACC (weighted average cost of capital)	**7.7%**	8.3%	**7.6%**	9.5%	**9.9%**	10.5%	**8.1%**	8.6%	**-**	-	**8.1%**	8.9%
Value added, relative	**7.5%**	1.2%	**-6.6%**	-11.8%	**3.7%**	-6.2%	**3.5%**	-2.6%	**-**	-	**4.0%**	-5.7%
Value added, absolute	**66.8**	11.9	**-23.5**	-41.0	**9.1**	-15.3	**52.0**	-39.8	**-**	-	**75.1**	-109.5

D.4.1 Explanation of return-on-capital-employed controlling

Our return-on-capital-employed controlling is based on the segment reporting which is conducted in accordance with the organizational structure of our business segments. We focus on continuing operations in order to provide better comparability over time in the consideration of return-on-capital-employed.

To determine the return, we rely on an after-taxes calculation, based on EBIT and including interest income and income from securities. This means that we also consider special items, amortization on capitalized assets from acquisitions as well as goodwill impairments in the calculation of the return. We thus want to ensure that all success components are represented in our return on capital employed.

The segment assets of the business segments include goodwill and intangible assets from acquisitions; property, plant and equipment; other non-current assets and current assets. The segment assets shown under 'Reconciliation Group' include cash and cash equivalents, as well as non-current and current assets not allocated to the business segments.

The segment liabilities are deducted from the segment assets. They include liabilities and provisions that are available to the company free of interest. Financial liabilities and retirement-benefit obligations are not included.

We refer to segment liabilities as non-interest-bearing liabilities. The balance of segment assets and non-interest-bearing liabilities represents the capital directly employed in the business segments.

Project-related and business-unit-related financial assets are allocated to the business segments in the context of return-on-capital-employed controlling so that adequate capital resources are taken into consideration. As so-called operating financial assets, they adjust the balance, which results in the average tied-up interest-bearing assets. This item is termed capital employed.

The definition of return as used in the return-on-capital-employed concept is derived from EBIT.

Interest income and income from securities result from the investment of cash and cash equivalents presented under 'Reconciliation Group' as well as from the interest and the mark-to-market valuation of non-current assets.

In order to determine a measure of earnings not affected by the form of financing, interest expenses are fundamentally not taken into consideration in the context of return-on-capital-employed controlling.

Project-related and business-unit-related interest income relates to credit entries on operating financial assets made by headquarters to the benefit of the business segments.

Return as defined by our return-on-capital-employed controlling is the sum of EBIT and the described additional financial components less taxes incurred.

ROCE stands for return on capital employed, expressed as a percentage. It is compared with the weighted average cost of capital after taxes (WACC) for the business segments and for the entire Group.

The difference between ROCE and WACC is relative value added. Absolute value added is the difference between return and the cost of capital employed, and is equal to the amount of capital employed multiplied by relative economic value added.

D.5 Boards of the company

D.5.1 Executive Board

Dr. Thomas Schulz,
Chairman and CEO since March 1, 2022, appointed until February 28, 2027
Labor Director

Operational responsibilities:
Division Technologies
Region E&M Germany, Austria & Switzerland | Region E&M Belgium and Netherlands | Region E&M United Kingdom | Region E&M Nordics | Region E&M Eastern Europe | Region E&M North America | Region E&M Middle East

Responsibilities at headquarters:
(Corporate Departments and Corporate Functions)
Communications & Public Affairs | Compliance, Legal & Insurance | Products & Innovation | HR & HSEQ | | Strategy & M&A

Memberships in comparable monitoring boards of other German and foreign companies:
Boart Longyear Ltd.[1], Salt Lake City, Utah, USA (non-executive member of the Board)

Other (material) activities:
Danish Management Society (VL), Copenhagen, Denmark (member)
VDI e.V., Frankfurt (Member)

Information on the boards,
the board members and the responsibilities
relate,
unless stated otherwise,
to December 31, 2023.

Matti Jäkel

Member of the Executive Board and CFO since July 1, 2022, appointed until June 30, 2027

Operational responsibilities:
Division Other Operations
Bilfinger Infrastructure Mannheim
Bilfinger Corporate Real Estate Management GmbH

Responsibilities at headquarters:
(Corporate Departments and Corporate Functions)
Accounting, Controlling & Tax | Internal Audit & Investigations | Internal Control System | IT | Operational Excellence | Procurement | Real Estate | Treasury & Investor Relations

Memberships in other statutory supervisory boards of other German companies:
Hof Hausen vor der Sonne Golf AG, Hofheim am Taunus
(Deputy Chairman)

Memberships in comparable monitoring boards of other German and foreign companies:
Bilfinger Steinmüller Africa Pty. Ltd.[2], Johannesburg, South Africa
(non-executive member of the Board)

[1] Publicly-listed company
[2] Group mandate in accordance with Section 100 II Sentence 2 AktG

D.5.2 Supervisory Board

Dr. Eckhard Cordes
Chairman of the Supervisory Board since November 11, 2014
Member of the Supervisory Board since November 5, 2014

Partner at Cevian Capital Ltd., Pfäffikon, Switzerland
Partner and Managing Director of EMERAM Capital Partners GmbH, Munich

Other (material) activities:
Membership of the Committee on Eastern European Economic Relations (Ostausschuss der Deutschen Wirtschaft e.V.)

Stephan Brückner[1]
Deputy Chairman of the Supervisory Board since May 21, 2008
Member of the Supervisory Board since May 21, 2008

Chairman of the Bilfinger Group Works Council and of the SE Works Council of Bilfinger SE, Mannheim

Other (material) activities:
Employee and Chairman of the Works Council at Bilfinger Engineering & Maintenance GmbH, Heidelberg
Chairman of the Bilfinger Segment Works Council Engineering & Maintenance DACH, Neu-Isenburg

Agnieszka Al-Selwi[1]
Member of the Supervisory Board since September 1, 2016

Member of the SE Works Council of Bilfinger SE, Mannheim

Other (material) activities:
Employee and Chairwoman of the Works Council at Multiserwis Sp. z o.o., Krapkowice, Poland
Member of the Transfer Pricing Centre Association, Warsaw, Poland

Vanessa Barth[1]
Member of the Supervisory Board since April 15, 2021

Head of Principles, IG Metall, Frankfurt am Main

The information on the boards and the board members relates, unless stated otherwise, to December 31, 2023.

Werner Brandstetter[1]
Member of the Supervisory Board since April 15, 2021

Chairman of the Works Council of Bilfinger Industrial Services GmbH / Operation Projects, Linz, Austria

Other (material) activities:
Employee at Bilfinger Industrial Services GmbH, Linz, Austria
Deputy Chairman of the SE Works Council of Bilfinger SE2, Mannheim
Member of various Bilfinger Works Councils

Dr. Roland Busch
Member of the Supervisory Board since April 15, 2021

Member of various supervisory boards and boards

Memberships in other statutory supervisory boards
of other German companies:
Delvag Versicherungs-AG[2], Cologne (Chairman)

Memberships in comparable monitoring boards of other
German and foreign companies:
Lufthansa Leasing GmbH[2], Grünwald (member of the voluntary Supervisory Board)
Lufthansa Pension Trust e.V.[2], Frankfurt am Main (Member of the Executive Board)

Other (material) activities:
Lufthansa Malta Pension Holding Ltd.[2], Member of the Investment Board
Reichmuth & Co. Investment Management AG, Member of the Advisory Board

Rainer Knerler[1]
Member of the Supervisory Board since July 18, 1996

Executive employee of IG Bauen-Agrar-Umwelt and consultant, Berlin

Frank Lutz
Member of the Supervisory Board since May 15, 2018

Chairman of the Executive Board at CRX Markets AG, Munich

Memberships in other statutory supervisory boards
of other German companies:
Scout24 SE[3], Munich (Deputy Chairman)

Dr. Silke Maurer
Member of the Supervisory Board since April 15, 2021

Member of the Executive Board and Chief Operating Officer of MTU Aero Engines AG[3], Munich

Memberships in comparable monitoring boards of other
German and foreign companies:
MTU Aero Engines Polska Sp. z o.o. [2], Jasionka, Poland

Robert Schuchna
Member of the Supervisory Board since June 24, 2020

Partner at Cevian Capital Ltd., Pfäffikon, Switzerland

Memberships in comparable monitoring boards of other
German and foreign companies:
Inter Pensionskasse Stiftung, Wollerau, Switzerland (Member of the Board of Trustees)

Jörg Sommer[1]
Member of the Supervisory Board since May 11, 2016

Deputy Chairman of the SE Works Council at Bilfinger SE, Mannheim, and of the
Bilfinger Segment Works Council Engineering & Maintenance DACH, Neu-Isenburg

Other (material) activities:
Employee of Bilfinger arnholdt GmbH, Oberhausen
Member of the Bilfinger Group Works Council at Bilfinger SE, Mannheim

Dr. Bettina Volkens
Member of the Supervisory Board since June 24, 2020

Member of various supervisory boards and independent consultant

Memberships in other statutory supervisory boards
of other German companies:
CompuGroup Medical SE & Co. KGaA[3], Koblenz (Member)
Vossloh AG[3], Werdohl (Member)

Memberships in comparable monitoring boards of other
German and foreign companies:
Elektrobau Mulfingen GmbH

Other (material) activities:
Managing Director of Great2know GmbH, Königstein im Taunus

---

[1] Employee representative
[2] Internal Group mandate
[3] Publicly-listed company

Presiding Committee:
Dr. Eckhard Cordes, Chairman
Stephan Brückner[1], Deputy Chairman
Rainer Knerler[1]
Dr. Bettina Volkens

Audit Committee:
Frank Lutz, Chairman
Vanessa Barth[1], Deputy Chairman
Dr. Roland Busch
Jörg Sommer[1]

Nomination Committee:
Dr. Eckhard Cordes, Chairman
Frank Lutz
Robert Schuchna

Strategy Committee:
Dr. Eckhard Cordes, Chairman
Stephan Brückner[1], Deputy Chairman
Werner Brandstetter[1]
Rainer Knerler[1]
Frank Lutz
Robert Schuchna

Special Committee (suspended since mid-2021):
Frank Lutz, Chairman
Vanessa Barth[1]
Rainer Knerler[1]
Robert Schuchna

Information on the boards and the board members relates, unless stated otherwise, to December 31, 2023.

[1] Employee representative

Ten-year overview

GROUP BALANCE SHEET

in € million

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assets										
Non-current assets	**2,491**	**1,525**	**1,690**	**1,643**	**1,614**	**1,676**	**1,313**	**1,281**	**1,262**	**1,306**
Intangible assets	1,639	895	849	804	804	803	765	781	787	788
Property, plant and equipment	477	471	383	367	324	312	270	259	246	247
Rights-of-use from leases	–	–	–	–	–	227	189	177	173	164
Other non-current assets	136	40	337	386	412	274	33	19	20	20
Deferred taxes	239	119	121	86	75	61	56	47	36	88
Current assets	**3,514**	**3,660**	**2,329**	**1,977**	**1,862**	**1,678**	**1,943**	**1,867**	**1,790**	**2,051**
Inventories, receivables, other	1,753	1,380	1,216	1,198	1,237	1,179	1,432	1,035	1,202	1,322
Cash and cash equivalents[1]	359	427	1,032	767	574	500	511	833	588	729
Assets classified as held for sale	1,402	1,853	81	12	50	–	–	–	–	–
Equity & liabilities										
Equity	**1,917**	**1,418**	**1,621**	**1,383**	**1,205**	**1,153**	**1,199**	**1,289**	**1,078**	**1,182**
Share capital	138	138	138	133	133	133	133	133	133	133
Reserves	1,805	1,124	1,562	1,270	1,191	1,138	1,143	986	995	976
Treasury shares	-97	-97	-97	-39	-150	-150	-150	-12	-105	-4
Distributable earnings	92	292	46	44	44	44	83	195	65	68
Minority interest	-21	-39	-28	-25	-13	-12	-11	-12	-10	8
Non-current liabilities	**1,061**	**901**	**898**	**874**	**363**	**917**	**886**	**729**	**656**	**590**
Pensions for provisions and similar obligations	400	295	304	293	288	338	340	307	239	261
Other provisions	45	31	29	27	25	24	22	21	17	19
Financial liabilities, recourse	514	513	510	509	11	551	521	395	389	295
Financial liabilities, non-recourse	13	–	–	–	–	–	–	–	–	–
Other liabilities	22	2	–	–	–	–	–	3	–	–
Deferred taxes	68	60	55	45	39	4	3	4	11	16
Current liabilities	**3,027**	**2,866**	**1,500**	**1,363**	**1,908**	**1,285**	**1,171**	**1,131**	**1,318**	**1,586**
Deferred tax liabilities	84	39	39	34	34	25	24	22	30	26
Other provisions	360	512	489	442	384	302	300	216	239	202
Financial liabilities, recourse	7	13	12	2	502	50	47	54	55	314
Financial debt, non-recourse	27	–	–	–	–	–	–	–	–	–
Other liabilities	1,484	1,156	892	859	963	908	800	839	995	1,044
Liabilities classified as held for sale	1,065	1,146	68	26	26	–	–	–	–	–
Balance-sheet total	**6,005**	**5,185**	**4,019**	**3,620**	**3,476**	**3,355**	**3,256**	**3,149**	**3,052**	**3,357**

2014 pro forma: Adjusted for discontinued operations: Power
2015 pro forma: Adjusted for discontinued operations: Water Technologies as well as Building, Facility Services and Real Estate
1 Incl. marketable securities

BUSINESS DEVELOPMENT

in € million	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Orders received	5,510	4,301	4,056	4,055	4,459	4,159	3,724	4,008	4,615	**4,735**
Order backlog	4,401	2,902	2,618	2,531	2,818	2,567	2,585	2,946	3,226	**3,385**
Revenue / output volume[1]	6,246	5,003	4,219	4,044	4,153	4,327	3,461	3,737	4,312	**4,486**
Investments	258	66	72	76	67	65	37	63	52	**59**
Employees (at year-end)	57,571	42,365	36,946	35,644	35,905	33,327	28,893	29,756	30,309	**28,650**
Earnings figures										
Gross profit	794	431	395	336	391	412	296	387	437	463
EBITA	207	-157	-221	-118	-7	32	-57	121	75	191
thereof special items	-55	-25	-236	-121	-73	-72	-77	-16	-65	-1
EBITA adjusted	262	-23	15	3	65	104	20	137	140	191
EBIT	170	-501	-231	-126	-12	28	-66	121	75	190
Net profit	-71	-510	271	-89	-24	24	99	130	28	181
Net profit adjusted	160	-30	-8	-9	36	49	-8	89	82	117
Operating cash flow	34	39	-224	-119	50	110	120	113	166	151
Free cash flow	105	2	-264	-181	-4	57	93	115	136	122
Free cash flow per share in €[2]	0.77	0.88	-5.07	-2.71	1.21	2.74	2.99	2.8	3.31	3.24
Earnings per share in €	-1.62	-11.54	6.13	-2.01	-0.59	0.60	2.47	3.19	0.71	4.84
Earnings per share in € adjusted	3.62	-0.68	-0.17	-0.19	0.87	1.23	-0.20	2.19	2.06	3.12
Profitability ratios										
Gross margin in %	12.7	8.6	9.4	8.3	9.4	9.5	8.6	10.4	10.1	10.3
EBITA margin in %	–	–	–	–	–	–	–	3.2	1.8	4.3
EBITA margin adjusted in %	4.2	-0.5	0.4	0.1	1.6	2.4	0.6	3.7	3.2	4.3
Return on equity (adjusted net profit) in %	7.8	-1.8	-0.6	-0.6	3.0	4.2	-0.7	6.9	7.6	9.9
Return on capital employed (ROCE) in %	11.9	-30.0	-13.8	-5.5	0.1	1.8	6.9	7.4	3.2	12.1
Value added	43	-704	-380	-304	-154	-141	-38	-23	-110	61
BILFINGER SE										
Dividend distribution	88.4	–	44.2	42.0	40.3	4.8	75.8	193.4	48.6	67.5
Dividend per share in €	2.00	–	1.00	1.00	1.00	0.12	1.88	1	1.30	1.80[4]
Dividend bonus in €	–	–	–	–	–	–	–	3.75	0	–
Share price at year-end in €	46.35	43.47	36.57	39.57	25.48	34.50	25.86	29.9	27.08	34.82
Number of shares at year-end[3]	46,024,127	46,024,127	46,024,127	44,209,042	44,209,042	44,209,042	44,209,042	41,037,328	41,037,328	37,606,372

All figures refer to continuing operations, unless stated otherwise.
2014 continuing operations (also excluding Power)
2015 continuing operations (excl. Building, Real Estate, Facility Services and Water Technologies, incl. Power)

1 Change in reporting from output volume to revenue: Output volume 2014-2016 | Revenue 2017 ff.
2 As of 2021, the underlying free cash flow will no longer be adjusted for special items
3 Including shares held as treasury stock 2014: 1,835,318 | 2015: 1,824,383 | 2016: 1,815,085 | 2017: 1,084,302 | 2018: 3,938,393 | 2019: 3,917,752 | 2020: 3,908,453 | 2021: 320,000 | 2022: 3,630,956
4 Intended dividend proposal, subject to a corresponding resolution from the AGM

Financial calendar

May 15, 2024
Annual General Meeting
and Quarterly statement Q1 2024

June 12, 2024
Capital Markets Day,
Frankfurt am Main

August 13, 2024
Quarterly statement Q2 2024
and Half-year financial report 2024

November 14, 2024
Quarterly statement Q3 2024

December 12, 2024
Virtual Year-End Lunch Meeting 2024

Imprint

Layout, Setting
Burkardt + Hotz
Büro für Gestaltung
Offenbach am Main

The Annual Report is published
in German and English.
Only the German version is definitive.

Date of publication
March 14, 2024

Investor Relations
Bettina Schneider
Phone + 49 621 459-2377
E-mail: bettina.schneider@bilfinger.com

Corporate Communications
Anette Weidlich
Phone + 49 621 459-2483
E-mail: anette.weidlich@bilfinger.com

Headquarters
Oskar-Meixner-Strasse 1
68163 Mannheim
Phone + 49 621 459-2000

You will find the addresses of our branches and affiliates
in Germany and abroad
in the Internet at
www.bilfinger.com.

Notices and disclaimer

This Annual Report takes the form of a financial report; it focuses on the significant and legally required information. Chapter *B.4 Outlook,*. in particular, contains forward-looking statements which reflect the assessment of the Executive Board at this point in time with regard to future events and developments on the basis of current information, planning, assumptions and expectations. These statements are marked by formulations such as “expect”, “want”, “seek”, “intend”, “plan”, “believe”, “evaluate”, “assume”, “in future”, “intention” or similar terms.

All forward-looking statements contained in this Annual Report are inherently subject to uncertainties and risks, in particular because they depend on factors beyond our control. Such risks are described in Chapter *B.3 Opportunity and risk report*, but are not limited to those stated. The actual developments in the future may deviate substantially from the forecasts and forward-looking statements made here. Bilfinger cannot provide any guarantee that the expectations and goals implicitly or explicitly expressed in the forward-looking statements will be achieved.

We also do not assume any obligation to update any of the forward-looking statements or, in the case of deviations in the actual future developments, to correct them.

In addition to the key figures based on IFRS accounting, Bilfinger also reports pro-forma key figures (Alternative Performance Measures) such as EBITA, EBITA margin, special items in EBITA and Cash flow, Cash conversion rate or Net profit adjusted for special items.

The pro forma figures are based on the definitions given in this Annual Report. They do not serve as primary performance indicators, should not be regarded as a substitute for IFRS disclosures, are not part of the legally required financial reporting and are therefore not subject to the applicable accounting standards. Other companies may calculate these figures differently.

In case of any deviations of the English translation from the German version of this Annual Report, the German version of the Annual Report shall prevail.