ANNUAL REPORT
BILFINGER SE

2022

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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 more than 30,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenue of €4.3 billion in financial year 2022. 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 organizational performance.

A To our shareholders

A.1 Letter to shareholders

Dear Shareholders,
Ladies and Gentlemen,

Bilfinger SE has continued its profitable growth trajectory. This is by no means a given, which is why we put this message front and center. At the start of 2022, there were great expectations for the global economy. Notably, the anticipated waning of the COVID-19 pandemic raised hopes for supply chain normalization and improved consumer sentiment. Yet these hopes were quickly dashed by Russia's invasion of Ukraine.

In addition to the human suffering wrought by the war, it has also created major challenges for businesses across the globe. One of the furthest-reaching effects was inflation, which in 2022 reached levels many countries had not experienced for decades. This was primarily due to rising energy and raw materials prices, putting considerable pressure not only on consumers but also on the manufacturing industry.

In order to position ourselves for the future in these challenging times, Bilfinger has already set an important course in 2022. We have formed a Group Executive Management with the Executive Board, segment heads and central functions in order to increase the efficiency of collaboration and be closer to the operating business. In addition, an efficiency program was launched to standardize work processes, simplify structures in administration and reduce costs. Further important milestones in the past year were also achieved through successful new project wins and strategic contract extensions with customers. For example, Bilfinger won a multimillion order for the maintenance of Shell's offshore facilities in the Gulf of Mexico. This includes routine maintenance services on nine offshore oil and gas platforms and is evidence of the expansion of our global cooperation with Shell in North America.

Overall, we achieved double-digit growth in revenue and orders received in financial year 2022 and met our forecast annual targets. Orders received rose organically by 14 percent to more than €4.6 billion, while revenue likewise increased organically by 14 percent to over €4.3 billion. EBITA adjusted for special items amounted to €140 million. Free cash flow rose significantly year-on-year to €136 million as a result of operational improvements, demonstrating Bilfinger's enhanced earning power. EBITA and net profit in 2022 were impacted notably by €62 million in provisions for the efficiency program. This investment in the future reduced reported EBITA to €75 million and net profit to €28 million. The outlook for 2023 is positive in all segments.

The past year demonstrated that Bilfinger has chosen the right path by focusing on enhancing the efficiency and sustainability of its customers. Our solutions are in demand across the board: whether for operating industrial plants more efficiently, ensuring that energy is generated safely and sustainably or promoting the expansion of renewable energies through high-quality technical solutions.

We are experiencing sustained positive demand in our customer segments and regions. Inflation, the skills shortage and the need to meet sustainability targets remain major challenges for the industry – as well as offering significant opportunities. We see ourselves as a driving force in the industry's transformation. Our goal is clear: We want to be No. 1 when it comes to improving our customers' efficiency and sustainability.

Strategy further refined

To leverage the opportunities presented by the megatrends of efficiency and sustainability even better, Bilfinger has both fine-tuned and focused its strategy. We have identified two strategic thrusts: repositioning Bilfinger as a leader in enhancing efficiency and sustainability, and operational excellence to boost the organization's performance.

We expect continued positive demand with market growth of around 2 percent per annum in our addressed markets in the customer segments energy, chemicals & petrochemicals, pharma & biopharma and oil & gas. In addition, the expansion of the entire product range to all existing regions and to adjacent markets enables us to achieve further self-propelled growth of around 2-3 percent per year.

Our business model is based on improving efficiency and sustainability both for customers and for Bilfinger itself. This generates added value, paving the way for Bilfinger's corporate development. The growth potential in these target markets, coupled with extending the value chain, offers additional opportunities for Bilfinger to position itself as an end-to-end solutions partner.

Product standardization and bundling as well as increased innovation and digitalization efforts are some of the measures helping Bilfinger achieve its goal of operational excellence. Furthermore, the focus is on promoting the framework contract and service contract business, which will in the future account for 80 percent of total revenue (2022: 65 percent). The internal efficiency program, which has been running since November 2022 and provides for annual savings of €55 million, is also contributing to attaining the Group’s strategic goals.

The strategy allows Bilfinger to set new mid-term targets. Organic revenue growth will exceed market growth in the next few years and average 4 to 5 percent per annum. By 2024, we plan to achieve an EBITA margin of at least 5 percent. In the mid-term – by 2025-2027 – our aim is to increase the EBITA margin to 6 to 7 percent. On this basis, Bilfinger will continuously increase its net profit while at the same time moving closer to the goal of an investment grade rating.

Sustainability

Sustainability represents a major component of our corporate strategy. In light of this, we have set ourselves clear targets in each of the three sustainability categories: environment, social and governance.

In our daily work, we pay close attention to the conservative use of precious resources and address the urgent task of limiting climate change to the greatest extent possible. With regard to the environment aspect, our target is to become climate-neutral with respect to the Greenhouse Gas (GHG) Protocol Scope 1 and 2 emissions caused by our activities by 2030 at the latest. In 2023 and 2024, we will also step-by-step measure our emissions data in accordance with GHG Scope 3. Based on the comprehensive emissions inventory, we will submit our planned GHG emissions reduction pathway to limit global warming to a maximum of 1.5 degrees Celsius to the Science Based Targets initiative (SBTi) for validation. In accordance with the concept we developed in 2022, we will submit our commitment letter in 2023 and, accordingly, submit our near-term target submission form setting out how we will reduce our Scope 1 and 2 GHG emissions by 2030 in 2025.

In the social category, we are vigorously pursuing our objective of preventing each and every occupational accident from happening. Additionally, we will selectively invest at least 0.5 percent of Group revenue in training and further education for Bilfinger employees each year going forward.

In the area of governance, we took another major step in 2022 with the adoption of our Declaration of Principles on Respect for Human Rights. To ensure that we also effectively meet our due diligence obligations with regard to the Group's supply chain, we have set the target of conducting at least 600 internal supplier audits in accordance with defined standards each year starting from financial year 2023.

Bilfinger in the capital market

Bilfinger has positioned itself in the capital market as a name to rely on. We have demonstrated this by once again meeting our forecast revenue and earnings targets. The Executive Board and Supervisory Board will propose to the Annual General Meeting an increased dividend for financial year 2022 of €1.30 per share so that our shareholders can participate in the positive operating performance of the past financial year.

The previous year's dividend resulted from the minimum dividend of €1.00 per share plus an additional distribution of €3.75 per share from the proceeds of the sale of Apleona in Bilfinger SE's unappropriated net profit. In addition to the dividend for financial year 2021 and the special dividend, we implemented a share buyback program in 2022 with a volume of €100 million.

The payout for financial year 2022 reflects the great confidence we have in our company's earning power; at around 60 percent of adjusted net profit, the payout ratio is at the upper end of our dividend policy. This policy also provides for continuous dividend growth in the future.

Outlook

Having set ambitious targets for financial year 2023, we have already begun implementing the key measures. In this way, we will ensure that the fine-tuned strategy reaches all areas of the company. Simultaneously winning over our customers and our employees to support this move is one of our paramount priorities. At the same time, we will fully implement the efficiency program by the end of 2023, meaning that the initial impact will already be reflected in the 2023 financial statements. Our customers' ongoing challenges when it comes to improving efficiency and sustainability will continue to generate profitable growth for Bilfinger in 2023.

For 2023, we anticipate that revenue will reach between €4.3 billion and €4.6 billion. Profitability will rise, with an EBITA margin of 3.8 to 4.1 percent. This increase will stem from operational improvements and the initial positive effects of the efficiency program. Moreover, EBITA is not expected to be impacted by any further special items. Free cash flow is forecast to be lower, at between €50 million and €80 million, as there will be cash outflows of around €60 million in 2023 to implement the efficiency program and net capital expenditure will return to a normal level.

Thank you to our employees and shareholders

Our employees' commitment and skills are mission-critical to our company's success. Through the service they provide to our customers on a daily basis, they are ambassadors for Bilfinger, for our values and for our expertise. We, the members of the Executive Board, are deeply grateful for this.

Our customers' technical progress, coupled with constant efficiency and sustainability improvements, additionally places fresh demands on our teams. Consequently, one of the core elements of our efficiency program is to continuously invest in training and further education for our skilled workers, especially in the industrial sector. This is how we will ensure that everyone has the chance to grow along with the company and reach a whole new level of quality. In turn, this enhances Bilfinger's attractiveness as an employer.

Our shareholders are a decisive force on our path to establishing Bilfinger as the market leader when it comes to enhancing the efficiency and sustainability of industrial companies. The Executive Board would therefore also like to extend our sincere gratitude to our shareholders for their trust and constructive support.

Thomas Schulz
CEO

Matti Jäkel
CFO

Executive Board
of Bilfinger SE

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 2022 was both a challenging and, in the end, a successful year for Bilfinger. Despite a host of external factors and uncertainties, Bilfinger was able to achieve all the targets it had set itself in the reporting year on an adjusted basis. Orders received and revenue developed better than planned with each exceeding €4.6 billion and €4.3 billion, respectively. EBITA adjusted for special items increased from €137 million to €140 million. At 3.2 percent, the operating margin was in line with expectations. EBITA was impacted by the provision for the efficiency program adopted in November 2022 – but this is an investment in the company's future viability with clearly positive knock-on effects. The strong improvement in free cash flow, which exceeded the already good cash flow of the previous year, is yet another indication of Bilfinger's regained operating strength. From an operational perspective, Bilfinger thus continues to pursue its growth course. These efforts are also supported by the efficiency program that was launched in November 2022 with the goal of optimizing work and process flows, simplifying structures and reducing costs. The program is designed to boost Bilfinger's goal of achieving a sustainable EBITA margin of at least 5 percent from 2024. At the same time, roughly a quarter of the savings achieved from the end of 2023 will be used for additional investments in the training and development of employees. The Supervisory Board supported the concept of this efficiency program within the scope of its responsibility and will also accompany and monitor its implementation.

The company is thus on the right track to achieve the medium-term goals it has set for itself. Plans call for an increase in the EBITA margin as well as further organic sales growth and, potentially, targeted M&A transactions to increase Group revenue to more than €5 billion by 2027. 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.

In the reporting year, Bilfinger demonstrated its ability to stabilize and press ahead with its business even in unsettled times with macroeconomic uncertainties brought about by war and the energy crisis, inflation, bottlenecks in customers' supply chains and the ongoing COVID-19 pandemic. The Executive Board and Supervisory Board also reacted decisively to all of the circumstances relevant for Bilfinger. It goes without saying that the Supervisory Board will continue to closely monitor macroeconomic developments as well as the impact that the pandemic or any other external factors might have on Bilfinger. Together with the Executive Board, it will make every effort to prevent or at least mitigate any potential negative impact on the Group's net assets, financial position and results of operations.

The Supervisory Board continues to consider sustainability a key component of Bilfinger's activities and corporate strategy. Sustainability is by no means an abstract goal. It is the result of systematic efficiency improvements that we are in a position to deliver to our 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) and intends to make its own contribution to sustainability here. 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. With its services, the company plays a significant role in enabling its customers to achieve their sustainability goals. The Supervisory Board will continue to actively support the topic of sustainability and its implementation at Bilfinger.

Moreover, the Presiding Committee and Supervisory Board reviewed the Executive Board remuneration system in the financial year, also with a view to further embedding the issue of sustainability and its significance by defining meaningful, measurable and transparent ESG targets in advance. Plans call for an updated Executive Board remuneration system to be submitted to the 2023 Annual General Meeting for approval.

The work of the Supervisory Board and its committees was also marked by advice to and monitoring of the Executive Board on the implementation of statutory and quasi-statutory requirements, including the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz) and the recommendations of the new version of the German Corporate Governance Code, the share buyback totaling €100 million as well as potential M&A transactions.

There were also personnel changes on the Executive Board of the company in the reporting year, which the Supervisory Board actively supported and managed. Dr. Thomas Schulz assumed office as the new Chief Executive Officer on March 1, 2022. Christina Johansson, member of the Executive Board and CFO, and Duncan Hall, member of the Executive Board and COO, each stepped down from the Executive Board for personal reasons at the end of June 30, 2022, and September 13, 2022, respectively. Mr. Matti Jäkel was appointed as a new member of the Executive Board and CFO as of July 1, 2022. The Supervisory Board is confident that the Executive Board is thus well positioned for the challenges ahead and the further implementation of the strategy, including the efficiency program, and will continue to move Bilfinger forward. In the year under review, the Executive Board and Supervisory Board also dealt intensively with short and long-term succession planning in general.

Overall, the activities of the Supervisory Board and its committees in financial year 2022 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 2022, 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, 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. The Supervisory Board was regularly involved directly and at an early stage, in particular when it came to 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 or interim Chief Executive Officer (until February 28, 2022) regularly exchanged ideas and information relating to questions of strategy and planning, business development, the risk situation, risk management and compliance at Bilfinger.

Article 15 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 responsible Supervisory Board committees 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 responsible 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 financial year 2022, the Supervisory Board held six ordinary and two extraordinary meetings. Four sessions each were conducted virtually via video conference and in the form of a face-to-face session (with the option to participate in virtual form). There were no meetings held as a telephone-only conference call. The Supervisory Board also took a decision in the procedure by e-mail.

Regular meetings were held on February 8, March 8, May 10, August 9, November 8 and December 14. The extraordinary meetings were held on June 10 and 15. The average attendance rate of all Supervisory Board members at meetings of the Supervisory Board and its committees was 99.31 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:

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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 8, 2022	•	•	•	•	•	•	•	•	•	•	•	•
March 8, 2022	•	•	•	•	•	•	•	•	•	•	•	•
May 10, 2022 (virtual)	•	•	•	•	•	•	•	•	•	•	•	•
June 10, 2022 (virtual)	•	•	•	•	•	•	•	•	•	•	•	•
June 15, 2022 (virtual)	•	•	X	•	•	•	•	•	•	•	•	•
August 9, 2022 (virtual)	•	•	•	•	•	•	•	•	•	•	•	•
November 8, 2022	•	•	•	•	•	•	•	•	•	•	•	•
December 14, 2022	•	•	•	•	•	•	•	•	•	•	•	•
Presiding Committee												
February 4, 2022 (virtual)	–	–	–	•	–	•	•	–	–	–	–	•
February 7, 2022	–	–	–	•	–	•	•	–	–	–	–	•
March 8, 2022	–	–	–	•	–	•	•	–	–	–	–	•
April 7, 2022	–	–	–	•	–	•	•	–	–	–	–	•
May 25, 2022	–	–	–	•	–	•	•	◊	–	–	–	•
August 8, 2022 (virtual)	–	–	–	•	–	•	•	–	–	–	–	•
September 5, 2022 (virtual)	–	–	–	•	–	•	•	–	–	–	–	•
November 7, 2022	–	–	–	•	–	•	•	–	–	◊	–	•
December 9, 2022 (virtual)	–	–	–	•	–	•	•	–	–	–	–	•
December 13, 2022	–	–	–	•	–	•	•	–	–	–	–	•

Supervisory Board meetings, continued >

< Supervisory Board meetings, begin

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 7, 2022	–	•	–	–	•	–	–	•	–	–	•	–
March 7, 2022	–	•	–	–	•	–	–	•	–	–	•	–
May 9, 2022	–	•	–	–	•	–	–	•	–	–	•	–
August 9, 2022 (virtual)	–	•	–	–	•	–	–	•	–	–	•	–
November 7, 2022	–	•	–	–	•	–	–	•	–	–	•	–
Strategy Committee												
January 27, 2022	–	–	•	•	–	•	•	•	–	•	–	–
April 28, 2022	–	–	•	•	–	•	•	•	–	•	–	–
July 28, 2022	–	–	•	•	–	•	•	•	–	•	–	–
October 27, 2022	–	–	•	•	–	•	•	•	–	•	–	–
Meeting participation rate for each Supervisory Board member in %	100.00	100.00	91.67	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Total meeting participation rate of the members of the Supervisory Board in %	99.31											

• = 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

Current business developments and the situation of the company and the Group were regularly discussed at the meetings of the Supervisory Board. Throughout the reporting year, the Supervisory Board regularly discussed the impact of the war in Ukraine and the situation with Russia, inflationary developments, and the effects of the ongoing COVID-19 pandemic on the business performance and situation of the company and the Group. Other key issues addressed by the full Supervisory Board in the financial year included the financial situation, corporate planning, the situation and development in the individual business areas, the 2022 Annual General Meeting, the share buyback program, further development of the Group strategy, the concept for a program to increase efficiency, M&A and implementation of the new version of the German Corporate Governance Code (GCGC). In the reporting year, the Supervisory Board also dealt intensively with Executive Board personnel and Executive Board remuneration. 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 8, 2022, the preliminary results for financial year 2021, including the quarterly announcement as of December 31, 2021, and the outlook for financial year 2022 were addressed. The Supervisory Board also dealt with the 2022 Annual General Meeting and corporate governance, in particular reviewing the targets for the composition of the Supervisory Board and the annual reports. Other topics discussed at this meeting included Executive Board remuneration and succession planning.

On March 8, 2022, the Supervisory Board focused primarily on the annual and consolidated financial statements for 2021, including the non-financial Group declaration 2021, and approved the proposed resolutions to the Annual General Meeting.

At the meeting on May 10, 2022, the Supervisory Board dealt in particular with the quarterly statement as of March 31, 2022, and the outlook for financial year 2022 as well as the 2022/2023 share buyback program.

At the extraordinary meeting on June 10, 2022, the Supervisory Board discussed Executive Board personnel matters relating to the CFO at the time and her possible successor.

At its extraordinary meeting on June 15, 2022, the Supervisory Board dealt with personnel and M&A matters.

The meeting on August 9, 2022, focused in particular on the interim financial report as of June 30, 2022, the quarterly statement as of June 30, 2022, and the amendments to and recommendations for action under the new version of the German Corporate Governance Code.

On November 8, 2022, the Supervisory Board dealt in particular with the quarterly statement as of September 30, 2022, the concept for the efficiency enhancement program and the further development of the Group's strategy as well as digitalization and automation.

At the meeting on December 14, 2022, the Supervisory Board dealt with corporate planning for the period 2023 to 2027, compliance, including implementation of the Supply Chain Sourcing Obligations Act, the program to increase efficiency, M&A, and Executive Board remuneration matters.

At this meeting, the Supervisory Board also dealt with the implementation of the recommendations of the new version of the GCGC and resolved, among other things, to amend the Rules of Procedure for the boards of the company. 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, including on developments in corporate governance in the reporting year. Members of the Supervisory Board remain 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 latter 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* under "Explanations and additional information". 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 German Stock Corporation Act (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.

Nine ordinary meetings and one extraordinary meeting of the Presiding Committee were held in financial year 2022. Five sessions were conducted in the form of a face-to-face session with the possibility of participation in virtual form and all other sessions were conducted as a virtual session via video conference. As an exception, a small number of the resolutions of the Presiding Committee were made in written form. 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. Plans call for an revised Executive Board remuneration system to be submitted to the 2023 Annual General Meeting for approval.

The Presiding Committee also dealt intensively with Executive Board personnel matters, in particular with regard to the changes in the Executive Board in the year under review, succession planning and other Executive Board matters including the schedule 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 legal requirements for expertise in the field of accounting and in the field of auditing, and therefore 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,

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as well as in the auditing of financial statements, including sustainability reporting and the auditing of sustainability 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 conducted as a virtual meeting via video conference and all other sessions were conducted in the form of face-to-face meetings with the option to participate in virtual form. In addition to the combined management report, the committee primarily dealt with the annual financial statements for 2021, the quarterly statements and half-year report for 2022. 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 2021, the auditor's review of the half-year report as of June 30, 2022, 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 her. 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 August meeting, in accordance with the recommendations of the new German Corporate Governance Code, 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 2022 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 2022, 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, and 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 Corporate Accounting, Controlling & Tax, Corporate Internal Audit & Investigations, Corporate Compliance, Corporate Project Audit and Corporate Internal Control Systems as well as through an annual report from HSEQ. Some of these reports were also presented to the full Supervisory Board. The Audit Committee received regular reports on the activities of Corporate Internal Audit & Investigations (including Corporate Books & Records Audits, Corporate Project Audit and Corporate Investigations), Corporate Compliance and Corporate Internal Control Systems and discussed the topics in the reports. The Audit Committee reviewed the functionality of the internal control system and the risk management system in relation to the accounting process. 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 warning system meet the [legal] demands that are made of them. 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 was on current and future regulatory requirements for sustainability reporting and their implementation, including in particular the EU Taxonomy. In internal training trainings, representatives of the auditor informed the members of the Audit Committee about the EU Taxonomy and the development of the standards of the International Sustainability Standards Board (ISSB) on sustainability reporting.

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 activity as well as on the status of the compliance management system and its development; he also communicated personally with the chairman of the Audit Committee over the course of the reporting year. The

Audit Committee was also informed at all meetings regarding developments 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 2022.

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 2022. All meetings were conducted as face-to-face meetings with the possibility of participation via video conference. As an exception, a few of the resolutions of the Strategy Committee of the Supervisory Board were made in written form. The Strategy Committee addressed strategic issues in its meetings, focusing among other things on competition for skilled workers, improving performance and achieving margin targets, market opportunities and the growth strategy in the context of the energy transition, and sustainable industrial services. The Strategy Committee dealt intensively with the further development of the Group strategy and the individual divisions and regions, 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 2022, the Supervisory Board dealt in detail with questions of corporate governance and with the requirements of the updated GCDC. The Supervisory Board dealt intensively with the implementation of the new and amended recommendations of the GCGC and, among other things, adopted amendments to the Rules of Procedure for the Supervisory Board, Audit Committee and Executive Board as well as the targets for the composition of the Supervisory Board and prepared a qualification matrix for the members of the Supervisory Board.

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 2022 financial year.

On December 15, 2022, the Executive Board and Supervisory Board jointly issued the annual declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (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/en/investors/corporate-governance/gcgc-declarations-of-compliance/. 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 of the German Stock Corporation Act (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. The Supervisory Board members complete relevant online questionnaires which are adapted to the current requirements of the statutory regulations and the GCGC and contain questions on all aspects of the Supervisory Board's activities. This involves 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 include, 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 results of the survey are then discussed at a meeting of the Supervisory Board. Appropriate measures for improvement are defined as necessary.

The last self-assessment was conducted in financial year 2021 with external support and the next (internal) self-assessment is scheduled for financial year 2023.

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 2022 and has issued them with an unqualified audit opinion. The responsible auditor at PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for Bilfinger is Mr. Dirk Fischer. The consolidated financial statements of Bilfinger SE for financial year 2022 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 of the German Commercial Code (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 May 11, 2022. 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 Corporate Internal Audit & Investigations, Corporate Accounting, Controlling & Tax, Corporate 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 2022 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 2022, 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 7, 2023. The audit from the Supervisory Board also covered the non-financial Group declaration 2022 of Bilfinger SE. The external auditors, represented by the two auditors who signed the respective audit opinion, also participated in the meeting on March 7, 2023. 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 7, 2023, the Supervisory Board approved the annual and consolidated financial statements and the combined management report for the 2022 financial year as submitted by the Executive Board. The company's financial statements for financial year 2022 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 2022 and issued an unqualified audit opinion. At its meeting on March 7, 2023, the Supervisory Board examined the remuneration report in detail in the presence of the auditor and resolved, together with the Executive Board, to approve the report. The remuneration report 2022 will be submitted to the Annual General Meeting 2023 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

Dr. Thomas Schulz has been the new Chairman of the Executive Board (appointed for a period of five years) and Labor Director since March 1, 2022. Upon Dr. Schulz taking office, the interim exercise of the duties of Chairman of the Executive Board and Labor Director on the part of Ms. Christina Johansson, which she had assumed in addition to her duties as CFO, came to an end. In June 2022, the Supervisory Board and Ms. Johansson agreed on the best of terms to comply with Ms. Johansson's request to terminate her Executive Board mandate for personal reasons effective June 30, 2022. In agreement with the Supervisory Board, Ms. Johansson submitted her resignation as a member of the Executive Board with effect from the end of June 30, 2022, and stepped down from the Executive Board as of that date. The Supervisory Board appointed Mr. Matti Jäkel as her successor as a member of the Executive Board. Mr. Jäkel has assumed the role of member of the Executive Board and CFO for the period from July 1, 2022, to June 30, 2025. In September 2022, the Supervisory Board and the Executive Board member and Chief Operating Officer, Mr. Duncan Hall, agreed on the best of terms to comply with Mr. Hall's wish to terminate his Executive Board mandate for personal reasons. In agreement with the Supervisory Board, Mr. Hall submitted his resignation as a member of the Executive Board with effect from the end of September 13, 2022. Mr. Duncan Hall stepped down from the Executive Board as of this date.

Consequently, the Executive Board has been reduced from three to two members once again: Dr. Thomas Schulz (Chairman) and Mr. Matti Jäkel (Chief Financial Officer) now form the Executive Board.

Supervisory Board personnel matters

The composition of the Supervisory Board remains 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 the *overview of the 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 financial year.

Adoption of this report

The Supervisory Board adopted this report at its meeting on March 7, 2023, in accordance with Section 171 Subsection 2 of the German Stock Corporation Act (AktG).

For the Supervisory Board

Dr. Eckhard Cordes
Chairman of the Supervisory Board
Mannheim, March 7, 2023

A.4 Corporate Governance

4.4.1 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 report, also further, on the company's corporate governance reporting year 2022 in accordance with Principle 23 of the German Corporate Governance Code (GCGC) in the version dated April 28, 2022. The explanations apply to both Bilfinger SE and the 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:

I. 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 since their publication on June 27, 2022 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 impacts of the company's activities, has been and is being complied with in accordance with applicable legal requirements. 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 requirements of the legislator – on further systematic processing of the corresponding opportunities and risks that are material for Bilfinger, which will be implemented in line with the legislative development and the recommendation.

- Recommendations A.1 sentences 2 and 3 regarding the appropriate consideration of ecological and social objectives in corporate strategy and corporate planning have been and will be complied with to a limited extent. Bilfinger is updating its strategic planning for the company and will integrate the sustainability objectives already communicated and pursued into it in an adapted form as well as possibly formulate further ones. This process is well advanced. The updated corporate strategy with sustainability as an integral component is to be published in the first quarter of 2023. Based on this strategy, corresponding sustainability-related objectives will also be integrated into corporate planning. Bilfinger SE intends to fully comply with the recommendations in the future.

- 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 as well as 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 recommendations 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 recommendation will be fully complied with.

- Recommendation G.6 was not and will not be 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 under the revised Executive Board remuneration system as resolved by the Supervisory Board of Bilfinger SE on February 9, 2021 and approved by the Annual General Meeting of Bilfinger SE on April 15, 2021 (the "Remuneration System 2021") 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 – is in the interest of the Company and supports the implementation of the growth strategy. Irrespective of this, the Supervisory Board is reviewing the Remuneration System 2021, including the design of the LTI, and is expected to submit an update to the 2023 Annual General Meeting for approval, which may also comply with recommendation G.6.

- 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.

- Recommendation G.7 sentence 1 is not followed regarding the setting of the performance criteria for all variable remuneration components before the start of the financial year with respect to economic performance targets to be set for the short-term variable remuneration component (short term incentive, STI) 2023 and the economic performance target for the LTI for the financial year or tranche 2023. It is not possible to set the targets for the variable remuneration components by the end of 2022 due to the impact of the efficiency program that has just been launched on the 2023 budget planning, particularly with regard to the earnings and cash effects in 2023. The planning process will not be completed until the beginning of 2023. On this basis, the Supervisory Board will then immediately set the economic performance targets for the variable remuneration components. The Supervisory Board intends to comply with the recommendation in G.7 sentence 1 for future financial years.

- Recommendation G. 13 sentence 2, according to which in the event of a post-contractual non-competition clause the severance payment should be offset against the severance payment, was formally not complied with in the case of the departure of Executive Board member Ms. Johansson on September 30, 2022. In the context of the mutually agreed departure, the crediting was waived, but in return payment of only half of the waiting allowance was agreed. The Supervisory Board intends to fully comply with recommendation G.13 sentence 2 again in the future.

II. Since the last Declaration of Conformity was issued on December 15, 2021, until the GCGC was published on June 27, 2022, all recommendations of the German Corporate Governance Code as amended on December 16, 2019 ("GCGC 2020") and published by the Federal Ministry of Justice and for Consumer Protection in the official section of the Federal Gazette were complied with, with the following exceptions:

- Recommendation B.3, according to which the initial appointment of Executive Board members should be for a maximum of three years, was not followed in one individual case. The Chairman of the Executive Board, Dr. Schulz, was already appointed as a member and Chairman of the Executive Board of Bilfinger SE in 2021 with effect from March 1, 2022 for a term of five years. In the opinion of the Supervisory Board, the five-year term of the appointment and the corresponding service agreement was required in order to be able to attract Dr. Schulz to the position and activity at Bilfinger and to ensure the stability necessary for the future at Bilfinger in the current phase. The subsequent initial appointment of the Executive Board member and CFO, Mr. Jäkel, as of July 1, 2022 was again made in accordance with recommendation B.3 for 3 years.
- Recommendation G.6 was also not followed – as already explained above under I. – insofar as it relates to the fact that the LTI of the Executive Board remuneration being formally based on a long-term oriented target, as well as recommendation G.7 sentence 1 was not followed with regard to the linking of remuneration components to specific targets in advance with regard to the possibility of special payments at the reasonable discretion of the Supervisory Board.

Mannheim, December 15, 2022

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

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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 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 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 and capital-market-oriented 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 to as great an extent as possible.

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 Policies 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 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 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 by corresponding Group Policies. The Code of Conduct and the substantiated Group Policies are regularly reviewed and adjusted for current needs and developments. The Code of Conduct, one of the most important components of our corporate governance, is binding for members of the company's boards and all employees worldwide and 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. It was in this context that the Executive Board adopted the required Declaration of Principles relating to Bilfinger's human rights strategy, as requested this legislation. This declaration is classified as an overriding governance document together with the Bilfinger Code of Conduct and is binding for all Bilfinger employees. It outlines the procedures with which Bilfinger complies with its obligations under the Supply Chain Due Diligence Act. It also explains the prioritized and identified human rights and environmental risks and formulates clear human rights-related and environmental expectations for Bilfinger employees and suppliers throughout the 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. 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 guidelines, internationally recognized standards of behavior and 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 companies through compliance managers, training courses and regular internal communication ensures that all employees are familiar with the Code of Conduct and all relevant 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 corporate departments and convenes quarterly under the chairmanship of the Chief Compliance Officer. Corporate 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 business 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 audits conducted during the business relationship and controls by Corporate 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 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 board of the company is the Annual General Meeting. At present, no use is made of the possibility of forming an advisory board, as allowed by Article 17 of our Articles of Incorporation.

Executive Board

The *members of the Executive Board* are appointed by the Supervisory Board. Due to the resignation of the then Chairman of the Executive Board at the beginning of 2021, the Executive Board had two members until February 28, 2022. On November 9, 2021, the Supervisory Board of Bilfinger SE appointed Dr. Thomas Schulz as further member and Chairman of the Executive Board of Bilfinger SE as of March 1, 2022. At the end of June 30, 2022, Ms. Christina Johansson stepped down from her position as member of the Executive Board and CFO for personal reasons. In her place, Mr. Matti Jäkel was appointed to the Executive Board as a new member and CFO with effect from July 1, 2022. Mr. Duncan Hall also stepped down from his position as member of the Executive Board and COO for personal reasons with effect from the end of September 13, 2022. The Executive Board has consisted of two members since that time. Information on the responsibilities and memberships of the members of the Executive Board can be found in section *D.5 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 and coordination with the Supervisory Board as well as the management and monitoring of the operating units and businesses of Bilfinger SE and the Group. Information on sustainability 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 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 shall be provided and an opinion on their adequacy and effectiveness shall expressed. These systems should , in principle, also cover sustainability-related aspects and also include a compliance management system. 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 Group Policies and the observance of these within the company (compliance).

The members of the Executive Board base their actions on the legal requirements, the Articles of Incorporation, the Rules of Procedure 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 company as a whole, 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 2022, 26 Executive Board meetings (thereof five extraordinary meetings) were convened. The Executive Board has not formed any own committees. In financial year 2022, however, it created 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 the issues and, where relevant, prepares them for a decision to be taken by the Executive Board

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*.

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 and the applicable remuneration system 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 11 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 the remuneration target, targets for the variable remuneration components of the Executive Board's remuneration and their fulfillment, 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 auditors 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 and employee representatives are held as required. The Supervisory Board meets regularly on relevant topics, 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 2022, eight meetings (thereof two extraordinary meetings) of the Supervisory Board took place.

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.

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. The Supervisory Board last conducted a self-assessment in 2021 with the support of ECBE-European Center for Board Efficiency GmbH as an external, independent consultant. The next internal self-assessment of the Supervisory Board and its committees is scheduled for financial year 2023.

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.5 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/.

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/.

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, on a temporary basis, 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 Sustainability Committee. 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.

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*.

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.

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. 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 2022, 11 meetings (thereof on extraordinary meeting) 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.

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 the recommendation 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 for various companies, including listed companies, and therefore 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 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 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, Dr. Roland Busch 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 monitors current developments in this area and actively contributes his expertise to the Supervisory Board and the Audit Committee.

The Audit Committee deals, among other things, with questions of 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 compliance 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 by 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. 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 2022, 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, and ensuring that members of the Supervisory Board as a whole are familiar with the sector in which the company operates. The committee did not convene in the 2022 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 2022 reporting year.

Special Committee

The Supervisory Board formed a Special Committee of the Supervisory Board for current special projects with effect from January 8, 2021. The Special Committee 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 financial year 2022.

Equal participation of women and men in executive positions

In relation to the law on the equal participation of women and men in management positions in the private sector and in the civil service and its implementation in Sections 17 Subsection 2 SE Implementation Act, 76 Subsection 4 and 111 Subsection 5 of the German Stock Corporation Act (AktG), Bilfinger has set the following targets for the period until December 31, 2023, and achieved the following status with regard to the targets set as of December 31, 2022.

Management levels 1 and 2 below the Executive Board include employees who, according to the company's internal definition, fall under management levels 1 and 1a or management level 2. The Executive Board had decided to achieve a target of 10 percent women in management levels 1 and 2 of Bilfinger SE by December 31, 2023. On November 26, 2020, the reporting date for the definition of the target figure, this proportion was 8 percent in management level 1 and nearly 5 percent in management level 2.

As of December 31, 2022, the proportion of women at management level 1 was 11 percent, while the figure for management level 2 was 6 percent.

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.

With Christina Johansson as a member of the Executive Board from December 1, 2018 to June 30, 2022, the target was met during this period.

Since July 1, 2022 and, accordingly, as of December 31, 2022, the Executive Board consisted of two members, both ow whom are men. For future appointments to the Executive Board, the Supervisory Board will include the defined target figure as a relevant criteria in the decision-making process.

In addition, the legally required minimum share of women and men in the Supervisory Board was achieved as follows. For the Supervisory Board, a 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, 2022 and at the same time separately for the shareholders and the employees (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 age, gender as well as educational and professional background when filling positions on the Executive Board. As part of its decisions in the filling of Executive Board positions, the Supervisory Board also considers the following aspects, whereby the Supervisory Board, as well as the Presiding Committee, primarily consider the fulfillment of the following aspects, whereby the Supervisory Board in the filling of a specific Executive Board position always gives weight to the circumstances of each individual case 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, 2022 meets the requirements of the diversity concept with the exception of the target for the proportion of women, following the resignation of Ms. Christina Johansson from the Executive Board as of June 30, 2022.

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/. It can be seen from this that the Executive Board of Bilfinger SE even 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 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 the diversity concept adopted by the Supervisory Board for the composition of the Executive Board. 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.

Against this backdrop, the Supervisory Board within the framework of the specific situation of the company, in December 2022 defined 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 and has no personal or business relationship with the executive body 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 the German Co-Determination Act 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 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.5 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 very 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 2022 financial 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*										Integrity	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	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	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

Our shareholders exercise their membership rights, in particular their right to information and voting rights, in the Annual General Meeting. 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 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 grants entitlement to one vote in 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 countermotions 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 1 Paragraph 2 of the GermanAct on Measures in Corporate, Cooperative, Association, Foundation and Residential Property Law to Combat the Effects of the COVID 19 Pandemic of March 27, 2020 (Federal Law Gazette I No. 14 2020, p. 570), as amended by the Act on the Further Shortening of the Residual Debt Relief Procedure and on the Adjustment of Pandemic-Related Provisions in Corporate, Cooperative, Association and Foundation Law and in Tenancy and Lease Law of December 22, 2020 (Federal Law Gazette I No. 67 2020, p. 3332), the validity of which was last amended by the Act on the Establishment of a Special Fund (Reconstruction Assistance 2021) and on the Temporary Suspension of the Obligation to File an Insolvency

Application Due to Heavy Rainfall and Floods in July 2021 and on the Amendment of Other Laws (AufbHG 2021) of September 10, 2021 (Federal Law Gazette I No. 63 2021, p. 4153) was extended until August 31, 2022, the Annual General Meeting on May 11, 2022 was held as a virtual Annual General Meeting due to the special circumstances of the COVID 19 pandemic without the physical presence of shareholders or their proxies, but only with the possibility to exercise their rights by means of electronic communication and watch the Annual General Meeting on the internet via the provided online service.

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 (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. We immediately publish details of such transactions on our 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 and certain other managers of Bilfinger 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, March 1, 2023

Bilfinger SE

The Executive Board   The Supervisory Board

A.5 Bilfinger in the capital market

The Bilfinger share in stock market year 2022

The stock market year 2022 was impacted in particular by Russia's war of aggression in Ukraine, the associated changes in energy supplies – mainly in Europe – combined with high rates of inflation and the increase in base rates that occurred as a response. Economic uncertainty was manifested at times by highly volatile share price development and a generally declining market: In Germany, the DAX, MDAX and SDAX stock market indices recorded significant losses over the course of the year. The DAX closed the stock market year down around 12 percent, the MDAX lost around 28 percent and the SDAX, which includes Bilfinger's shares, lost around 27 percent.

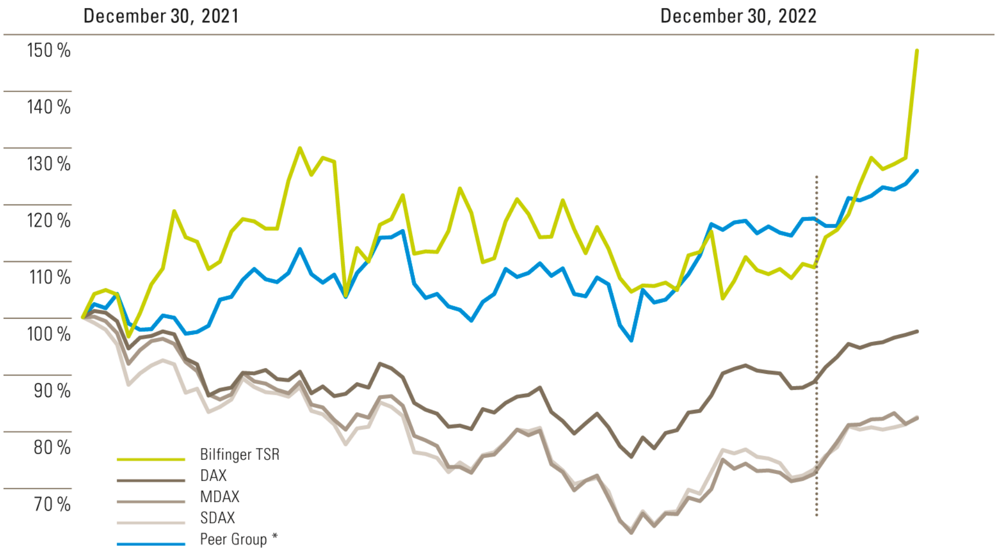
Internationally active listed companies in the industrial services sector were exposed in equal measure to political and economic uncertainties, but nevertheless managed to assert themselves relatively well. Over the course of 2022, the market capitalization-weighted average *Total Shareholder Return* (TSR) of the international peer group observed by Bilfinger increased by 17 percent.

Bilfinger's shares started the new stock market year with a closing price on December 30, 2021, of €29.90 and reached their high for the year of €39.42 on April 21, 2022, which corresponds to a TSR of 32 percent. Following the Annual General Meeting on May 11, 2022, a special dividend of €3.75 per share was distributed in addition to the minimum dividend of €1.00 per share. In the further course of the year, the share price showed considerable volatility, fluctuating predominantly in the range between €26 and €30 and hitting a low for the year of €24.70 on November 9, 2022. Before the end of the year, however, the share price rebounded and closed the year at €27.08 on December 30, 2022, representing a TSR of 7 percent compared with the beginning of the year.

The favorable development of Bilfinger's share price continued in the first months of 2023 with significant gains; at the end of February 2023, the share price was over €38. These gains of more than 45 percent since the beginning of 2023 were boosted by the Group's strategic development perspectives outlined at the Capital Markets Day on February 14, 2023, as well as by the medium-term targets formulated in this context.

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



* Weighted index of peer group companies by market capitalization as of December 30, 2021 (Fluor, KBR, Matrix Services, Mistras, Petrofac, Spie, Team, Technip Energies, Wood Group, Worley)

KEY FIGURES ON OUR SHARES

	2018	2019	2020	2021	2022
in € per share					
Earnings[1]	-0.59	0.60	2.47	3.19	0.71
Adjusted earnings[2]	0.87	1.23	-0.20	2.19	2.06
Cash flow per share	1.21	2.74	2.99	2.76	3.31
Dividend[3]	1.00	0.12	1.88	1.00	1.30
Special dividend[3]				3.75	
Dividend yield[4]	3.9%	0.3%	7.3%	15.9%	4.8%
Highest price	46.58	34.58	34.50	32.94	39.42
Lowest price	25.08	22.00	13.06	23.20	24.70
Year-end price	25.48	34.58	25.86	29.90	27.08
Book value[5]	30.24	28.92	30.01	31.66	26.51
Market value / book value[4,5]	0.8	1.2	0.9	0.9	1.0
Market capitalization in € million[4,7]	1,126	1,529	1,143	1,227	1,111
SDAX weighting [6,8]	1.5%	1.7%	1.1%	0.8%	1.0%
Price-to-earnings ratio[4,9]	29.29	28.11	-129.30	13.65	13.15
Number of shares (in thousands)[6,7]	44,209	44,209	44,209	41,037	41,037
Average XETRA daily volume (no. of shares)	166,739	153,241	168,876	115,571	124,297

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, adjusted earnings per share. Also adjusted for amortization of intangible assets from acquisitions and goodwill. In addition, the tax rate was normalized to 31% from 27% in 2019.
3 Intended dividend proposal, subject to a corresponding resolution from the Annual General Meeting 2023
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 SDAX with 70 companies since 2018
9 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	SDAX, DAXsubsector Industrial Products & Services Idx., Euro STOXX

Share buyback

Given the substantial cash inflows resulting from the sale of the stake in Apleona, a share buyback program with a volume of up to €100 million was announced in August 2021 in addition to a special dividend which was distributed after the Annual General Meeting on May 11, 2022. The Annual General Meeting on May 11, 2022, authorized the Executive Board, with the consent of the Supervisory Board, to buy back own shares up to an amount of 10 percent of the company's share capital. On the basis of this authorization, the share buyback program with a total purchase price of up to €100 million was launched on July 1, 2022, and completed on November 23, 2022.

The buyback was carried out through the stock exchange by an independent financial services provider in accordance with applicable EU regulations. A total of 3,509,863 shares were repurchased, corresponding to 8.55 percent of the company's share capital. The average purchase price was €28.49 per share, and the total acquisition price was €99,999,976.42 (excluding incidental costs).

The authorization issued by the Annual General Meeting regulates all options for a possible use of the shares acquired.

Shareholder structure

At the end of financial year 2022, the number of shares outstanding amounted to 41,037,328. The largest shareholder is Cevian Capital with a reported share of 26.67 percent. The second-largest shareholder is ENA Investment Capital LLP with a reported holding of 12.00 percent. The proportion of treasury shares is 8.85 percent.

Further information and an overview of the current shareholder structure are also 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 €1.30 per share be approved for financial year 2022. This is intended to allow shareholders to participate in Bilfinger's positive operating performance in the past financial year in addition to the minimum dividend of €1.00 per share. In relation to the share price at the end of 2022, this represents a dividend yield of 4.8 percent.

The payout ratio for financial year 2022 in relation to adjusted net profit is around 60 percent and is thus at the upper range of Bilfinger's dividend policy. This 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 182 individual contacts with more than 79 different institutions in 2022.

Bilfinger's Investor Relations team is currently in constant contact with nine 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 2022

On May 11, 2022, the Annual General Meeting of Bilfinger SE was once again held as a virtual Annual General Meeting without the physical presence of shareholders.

Around 54 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 – with the exception of the authorization to create new authorized capital – were passed as recommended by the management.

The opportunity to pose questions to the Executive Board and Supervisory Board in advance was again widely used at the virtual Annual General Meeting 2022. All questions were answered by the Executive Board and the Supervisory Board.

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 2022 at 98.74 percent, below the level of the previous year (107.61 percent). This is primarily attributable to the sharp rise in base rates in response to high rates of inflation.

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)	98.74

B Combined management report

continued >

continued >

B.1 The Bilfinger Group

B.1.1 Business model

The business model of the Bilfinger Group in financial year 2022 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 customers in the process industry. Bilfinger's portfolio covers the value chain from consulting, engineering, manufacturing, assembly and maintenance through to plant expansion, turnarounds as well as digital applications.

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 Organization, strategy and objectives

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. The operating companies are 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 order to continuously improve process and cost efficiency, Bilfinger relies on general business development concepts in relevant positions in the sales area. Central instruments also play an important role in procurement. Such instruments include the bundling of buying volumes and the use of e-procurement platforms.

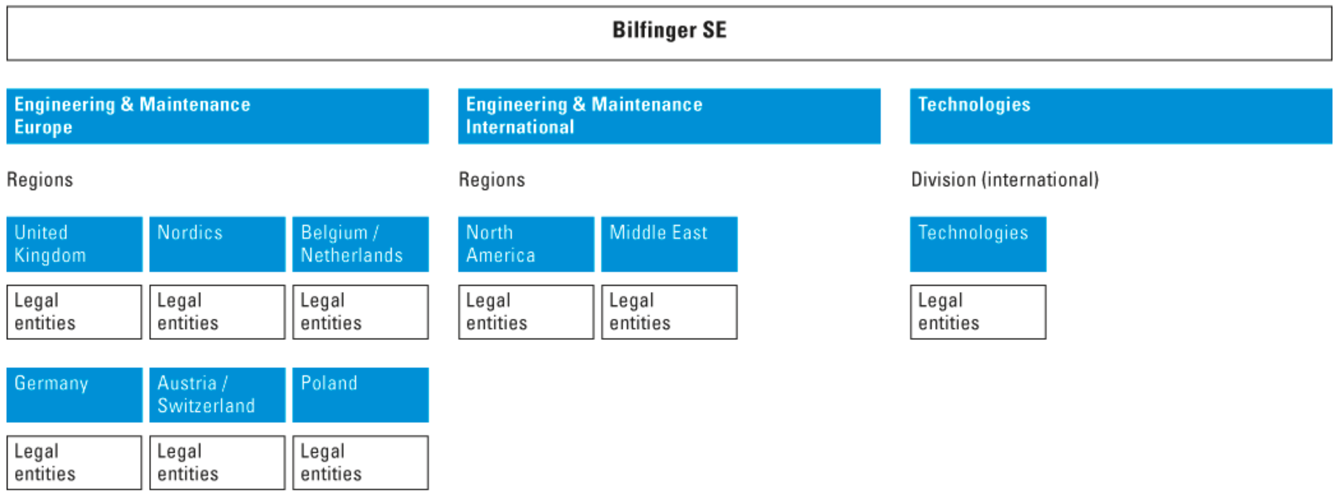
Input factors for the business are quantified in Chapter *B.2.4 Financial position – origin and distribution of value creation*. With a comprehensive range of services for plants in the process industry, an organizational structure that is aligned with the needs of our customers and the focus on defined customer industries, the foundation for the successful development of the company is created. 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 the service lines Engineering & Maintenance as well as Technologies. Activities are concentrated on the regions Europe, Middle East and North America. The Group has exceptional competencies and particularly strong customer relationships in the industrial sectors energy, chemicals & petrochemicals, pharma & biopharma as well as oil & gas.

Reportable segments

REPORTABLE SEGMENTS FINANCIAL YEAR 2022



Bilfinger reports on business development in 2022 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 – all 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 are projects and components for the energy industry as well as the pharmaceutical and biopharmaceutical industries.

Engineering & Maintenance Europe

The operational Engineering & Maintenance business in Europe is divided into six regions. Combined reporting in one segment is carried out due to the similarity of the markets, the economic environment as well as the financial parameters – especially growth expectations and the extent of the margins.

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 markets of the energy, pharmaceutical and biopharmaceutical industries.

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 will be managed independently for value until a suitable owner has been found. Other Operations included two individual units in financial year 2022.

B.1.4 Financial management system

The key financial management metrics for financial year 2022 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.1.4.1 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.1.4.2 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.

For comparability of operating performance, EBITA adjusted for special items is also reported. These special items are not the result of operating activities, and include in particular expenses for restructuring measures and gains or losses on disposals.

Net profit

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

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

B.1.4.3 Capital efficiency

Free cash flow / net working capital

To facilitate the operationalization of value-oriented management, Bilfinger orients itself on free cash flow. 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 toward 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.

B.1.4.4 Value enhancement

Value added and ROCE

The value added by the reporting segments and the Group is measured with the help of value and cash-oriented management. Bilfinger employs its capital in a targeted manner in order to achieve significant value added. Positive value added is only achieved for the Group if the return on average capital employed (ROCE) is higher than the weighted average cost of capital (WACC). These figures are calculated after taxes. Further details are provided in Chapter *B.2.2 Results of operations – value added*. The underlying parameters are regularly reviewed and adjusted in the case of relevant changes in the market environment.

B.1.4.5 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 plus 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 adjusted for special items, EBITA margin, EBITA margin adjusted for special items or net profit adjusted for special items. These pro-forma figures make special items, such as expenses for restructuring measures and gains or losses on disposals, transparent. They do not serve as primary financial management indicators and are not to be understood as a substitute for IFRS disclosures.

The pro-forma key figures are based on the definitions provided in this Annual Report. They are not part of the legally required accounting 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 2022	Forecast* Interim Report H1 2022	Forecast Annual Report year-end 2021	Actual 2021
Revenue				
Group	€4,312.0 million	significant increase	significant growth	€3,737.4 million
Engineering & Maintenance Europe	€2,784.5 million	significant increase	slight growth	€2,517.7 million
Engineering & Maintenance International	€797.8 million	significant increase	significant growth	€553.3 million
Technologies	€592.0 million	at prior-year level	significant increase	€559.9 million
EBITA				
Group	€75.5 million	significant increase	significant increase	€121.2 million
Engineering & Maintenance Europe	€104.7 million	significant increase	significant improvement	€115.5 million
Engineering & Maintenance International*	-€8.4 million	significant increase to at least break-even result	significant increase to at least positive result	-€17.6 million
Technologies	€8.4 million	at prior-year level	significant improvement	€19.2 million
Net profit	€28.2 million	significantly below prior-year figure	significantly below prior-year figure	€129.5 million
Free cash flow	€135.9 million	at prior-year level	at prior-year level	€114.8 million
Return on capital employed (ROCE)	3.2%	slightly below prior-year figure	slightly below prior-year figure	7.4%

* Revenue and earnings forecasts in the Engineering & Maintenance International and Technologies segments were partially adjusted in the course of the second quarter 2022 reporting on August 11, 2022. This adjustment had no impact on the Group's overall outlook because the negative developments were offset by positive developments in the other segments.

Due to rounding, individual figures may not add up exactly to the totals given and percentages presented may not precisely reflect the absolute values to which they relate.

Bilfinger's economic development in financial year 2022 was successful; customer demand for services that enhance efficiency and sustainability was the driving factor in this regard. Growing awareness of climate change and the energy transition that is currently underway are creating a positive market environment for Bilfinger. The chemical & petrochemical, energy, pharma & biopharma as well as oil & gas industries are the 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. With its portfolio of services, Bilfinger is in a position to make significant contributions in various areas that will help meet these challenges.

Against this background, orders received and revenue increased significantly in the financial year as expected and the corresponding forecasts were met.

Overall, operating earnings were also in line with expectations. The earnings forecasts issued in the Annual Report 2021 and the half-year financial report 2022 were based on the figures including all special items. The significant increase in these special items resulted from the efficiency program for the Group launched at the end of the year. The aim of the program is to make the company even leaner and more competitive. Changes will be introduced primarily in administration and administrative processes to significantly reduce costs and simplify workflows. The efficiency program is expected to generate administrative cost savings of around €55 million annually beginning in 2024. Provisions of €62.4 million were recognized for this purpose. Approximately one quarter of the funds freed up will be invested annually in employee training and development.

In addition, there were special items from provisions and impairment losses in connection with the withdrawal from the Russian business amounting to €5.9 million.

The effects of these special items led to negative deviations in the earnings-related key performance indicators EBITA, net profit and return on capital employed. These effects are presented in detail in the following explanations of business performance.

Business development

Orders received for the Bilfinger Group in financial year 2022 increased by 15 percent (organically 14 percent) to €4,615.0 million (previous year: €4,007.8 million). There was a positive development in all segments of the Group. Order backlog was up 9 percent (organically 10 percent) to €3,225.8 million (previous year: €2,946.3 million). The book-to-bill ratio was 1.07.

Group revenue grew by 15 percent (organically 14 percent) to €4,312.0 million (previous year: €3,737.4 million), thus returning to the pre-crisis level of 2019. Gross profit increased by 13 percent to €437.2 million (previous year: €387.0 million). This is mainly attributable to the increased revenue. Gross margin as a percentage of revenue was 10.1 percent (previous year: 10.4 percent). Given the increase in revenue, selling and administrative expenses rose by 6 percent to €307.5 million (previous year: €290.7 million). The share of selling and administrative expenses in revenue was reduced further to 7.1 percent (previous year: 7.8 percent).

Bilfinger generated EBITA of €75.5 million in the reporting year (previous year: €121.2 million). The significant year-on-year decline is due in particular to the increase in special items. These amounted to €64.5 million (previous year: €16.0 million). The vast majority of this amount, €62.4 million, was accounted for by provisions for the efficiency program launched in the reporting year. In addition, there were special items from provisions and impairment losses at Engineering & Maintenance Europe in connection with the withdrawal from the Russian business amounting to €5.9 million. This was offset by €1.4 million from the reversal of provisions for restructuring at Technologies which were not required and which were recognized in prior years.

In total, this resulted in an EBITA margin of 1.8 percent in financial year 2022 (previous year: 3.2 percent). EBITA adjusted for special items amounted to €140.0 million (previous year: €137.2 million), while the corresponding adjusted EBITA margin was 3.2 percent (previous year: 3.7 percent).

Compared with the previous year's figures, it should be noted that these included proceeds of €30.4 million from the sale of land and real estate. Proceeds from the sale of land and real estate were significantly lower in 2022 and were more than offset by improved operating results.

At Engineering & Maintenance (E&M) Europe, orders received increased by 14 percent (organically 14 percent) to €2,917.8 million (previous year: €2,552.5 million). In this context, an increasing number of new framework agreements and projects to enhance customers' efficiency and sustainability were taken on. Revenue increased by 11 percent (organically 11 percent) to €2,784.5 million (previous year: €2,517.7 million), supported by strong demand in the North Sea oil & gas sector. The book-to-bill ratio was 1.05. EBITA in this segment included special items totaling -€35.5 million; in addition to the provisions for the efficiency program of -€29.6 million, they also include the provisions and valuation allowances for the withdrawal from the Russian business in the amount of -€5.9 million. EBITA in the reporting year thus amounted to €104.7 million (previous year: €115.5 million), corresponding to an EBITA margin of 3.8 percent (previous year: 4.6 percent). Adjusted for special items, EBITA amounted to €140.2 million (previous year: €130.7 million) and the adjusted EBITA margin was 5.0 percent (previous year: 5.2 percent).

At Engineering & Maintenance International, orders received increased by 31 percent (organically 18 percent) to €832.9 million (previous year: €633.9 million). The strong organic increase resulted largely from maintenance and repair contracts for North American customers. The strategic realignment undertaken in 2021 continues to bear fruit here. It is increasingly utilizing Bilfinger's maintenance expertise, also in North America. Revenue grew by 44 percent (organically 29 percent) to €797.8 million (previous year: €553.3 million). This resulted in a book-to-bill ratio of 1.04. EBITA improved, but remained negative at -€8.4 million (previous year: -€17.6 million). Special items in EBITA amounted to -€3.0 million, while the EBITA margin was -1.0 percent (previous year: -3.2 percent). Excluding special items, adjusted EBITA improved to -€5.3 million (previous year: -€13.9 million) and the adjusted EBITA margin was -0.7 percent (previous year: -2.5 percent).

In Technologies, orders received were up 13 percent (organically 13 percent) to €672.0 million (previous year: €596.8 million). Demand for projects was particularly strong in the pharma and biopharma sectors. Sales increased by 6 percent (organically 6 percent) to €592.0 million (previous year: €559.9 million), with a book-to-bill ratio of 1.14. EBITA for the segment amounted to €8.4 million (previous year: €19.2 million), including special items of €9.2 million. The EBITA margin was 1.4 percent (previous year: 3.4 percent). EBITA adjusted for special items amounted to €17.6 million (previous year: €20.2 million), while the adjusted EBITA margin was 3.0 percent (previous year: 3.6 percent).

Net profit declined to €28.2 million (previous year: €129.5 million). Adjusted for the special items included in EBITA and with a normalized tax rate, net profit amounted to €81.8 million (previous year: €89.0 million). The decrease is attributable to a lower financial result which in the previous year included positive interest effects from tax refunds.

Return on capital employed (ROCE) after taxes was 3.2 percent (previous year: 7.4 percent) as a result of the lower earnings.

Free cash flow, on the other hand, increased to €135.9 million (previous year: €114.8 million) as a result of improvements in working capital. It should be noted that the previous year's figure included cash inflows from tax refunds totaling €29.0 million and inflows from the sale of real estate amounting to €57.1 million. In the year under review, these one-time effects were more than offset by significantly increased operating cash flows. In addition, net capital expenditure in

2022 amounted to €29.6 million (previous year: -€2.2 million). A total of €195.6 million was used for dividends and €100.0 million for the share buyback program, which has now been completed. Net liquidity including lease liabilities thus decreased to €144.8 million (previous year: €383.4 million).

The Executive Board and the Supervisory Board will propose to the Annual General Meeting on April 20, 2023, that a dividend of €1.30 per share be distributed. This is intended to allow shareholders to participate in Bilfinger's positive operating performance in the past financial year in addition to the minimum dividend of €1.00 per share. The payout ratio in relation to adjusted net profit is around 60 percent and is therefore in the upper range of Bilfinger'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

Over the course of 2022, economic growth in the euro zone slowed considerably from the summer onwards after a dynamic first half of the year. Up to that point, the positive momentum from the economy's recovery from the COVID-19 pandemic and an imminent easing of supply chain problems predominated. Since then, the consequences of the Russian war of aggression against Ukraine, with very high energy prices and a further acceleration of inflation to an annual average of 8.5 percent (DG ECFIN Appendix, p. 12), have led to a significant decline in economic confidence among businesses and households. Consumers have been hit by a massive inflation-induced decline in purchasing power and companies are facing historic price increases for many of their intermediate products. The still substantial growth of the euro zone for the year as a whole, at 3.2 percent (DG ECFIN Forecast, p. 1), still reflects the momentum at the beginning of the year, while economic output shrank in the final quarter in view of the large number of burdening factors (DG ECFIN Forecast, p. 2). Despite the very high level of economic uncertainty, business investment once again showed significant growth of 4.0 percent, but was also slowed in the course of the year (DG ECFIN Appendix, p. 9). Increased efforts to improve energy efficiency and shift energy sources away from natural gas have given positive momentum to corporate investment in Europe. In addition to these short-term adjustments to the crises, efforts to permanently convert industrial energy sources more toward renewables have also been accelerated in many cases. The high level of national and European state subsidies has had a positive impact in this respect.

The slowdown in economic momentum as a result of the war in Ukraine and the energy crisis has varied greatly in the EU, both regionally and by economic sector. Countries such as Germany, Austria and the Eastern European member states were hit particularly hard due to a strong dependence on Russian energy imports prior to the war, while countries without significant Russian energy imports such as France or Spain suffered to a much lesser extent. In terms of economic sectors, energy-intensive manufacturing sectors such as the chemical and steel industries faced a massive energy price shock, while higher energy costs played a relatively small role for manufacturing or services. In addition, the manufacturing industry benefited from a high order backlog and a somewhat easing situation in international supply chains, allowing mechanical engineering, electrical engineering and vehicle construction to develop in a comparatively stable manner.

Unlike during the COVID-19 pandemic, monetary and fiscal policy reacted in opposite ways to the recent macroeconomic crises. The European Central Bank was forced to revise its inflation forecasts sharply upward and, as a result, initiated a turnaround in interest rate policy with several interest rate hikes since the summer. In industrialized countries such as Germany, the dampening effect of monetary policy is contrasted by an ongoing expansive fiscal policy the goal of which is to compensate companies and households for the drastic rise in gas and electricity prices through extensive debt-financed programs.

For the German economy, with its already relatively high energy prices prior to the crisis, the outbreak of war brought with it considerable burdens. Although positive growth was still recorded for the year as a whole, the figure of 1.9 percent was among the worst in the euro zone (Destatis: DG ECFIN Forecast, p. 1). Outside the EU, the UK economy managed to grow in the full year by 4.2 percent despite significant exchange rate turbulence (DG ECFIN Forecast, p. 1), although this was largely due to the recovery from a double-digit decline in economic output in the crisis year 2020 as a result of the COVID-19 pandemic and Brexit. In addition, after a strong start to the year, there was a noticeable slowdown in the UK economy in the second half of the year.

As a major net exporter of fossil fuels, the USA was not confronted with a rise in electricity or gas prices comparable to European developments in the year under review, enabling the country to further distinguish itself as an attractive location for energy-intensive industries (Heinemann et al.). This notwithstanding, the U.S. economy experienced a sharp loss of economic momentum as a result of a cooling real estate sector, weak private consumption and the drag on exports from a very highly valued dollar. GDP growth slumped to 1.8 percent (previous year: 5.9 percent) (DG ECFIN Appendix, p. 4). The U.S. Federal Reserve, which reacted earlier and more decisively than the European Central Bank to the sharp rise in inflation by raising interest rates, also contributed to this development.

The reporting year was dominated by very high price volatility on the raw material markets with high average prices for oil and historic highs for gas in Europe. The oil price exceeded the US$120 per tonne of Brent mark several times in the spring and summer, before correcting sharply downward in the further course of the year. The price of gas in Europe, as measured by the Dutch TTF quotation that is authoritative for the European market, temporarily increased by a factor of 20 from its most favorable level in 2021 to its peak price in the summer of 2022 (Investing.com). Even though quotations had fallen sharply again by the fall of 2022, the price of gas in Europe was thus still many times higher than its pre-crisis level. The oil and gas exporting countries of the Middle East benefited from this development and were able to increase their GDP growth to 4.9 percent in 2022 (previous year: 4.5 percent), bucking the global trend, thanks to soaring export revenues (WEO, p. 45).

Engineering & Maintenance Europe

The market for industrial services in Europe held up well despite an environment that was dominated by inflation, the energy crisis and the late effects of the COVID-19 pandemic. In addition to the burdens on energy-intensive industries in particular, the crisis-ridden environment has fueled demand in some areas because high energy prices and gas shortages tend to accelerate the industrial transformation process toward decarbonization and digitalization. In many cases, industry intensified work on projects to increase energy efficiency and switch to renewable energy sources and green hydrogen. Another trend that supported the market for industrial services in Europe was the efforts on the part of policymakers to reduce Europe's dependence on imports in key industries. This concerns important future technologies from hydrogen to electromobility (battery factories) and chip production as well as pharmaceuticals and biopharmaceuticals. Moreover, in order to cope with an imminent gas shortage in the near future, sudden additional challenges arose in the reporting year in connection with the switch from gas to oil. Overall, service companies were therefore significantly more optimistic in the reporting year than they had been during the last severe crisis at the outbreak of the COVID-19 pandemic two years earlier, despite all the burdens of the crisis (Lün, p. 7). According to industry estimates, a second year of growth rates of just over 6 percent meant that business in Germany was able to make up for the slump in pandemic year 2020 (-9.1 percent) (Lün, p. 13).

The chemical and petrochemical industries remain by far the most important customer group on the German market, with an estimated share of 49 percent for externally contracted industrial services (Lün, p. 37). The European chemical industry, because it is a particularly energy-intensive sector, was massively impacted in the reporting year by the soaring energy prices, and in particular by the spiraling gas prices. Added to this were concerns regarding gas rationing in the wake of a possible gas shortage. Because natural gas is not only an energy source for the chemical industry, but often a non-substitutable intermediate product, the sector is particularly threatened by this prospect. As a result, the chemical industry in Europe has significantly cut back production in almost all sectors, and some particularly energy-intensive plants have been shut down completely. From January to November 2022, production in the European chemical industry fell by 4.5 percent compared with the previous year as a result of these adjustments, with a sharp acceleration in the decline in production since the summer months (VCI WCR). Chemical production fell most sharply by 10.5 percent in Germany, which was particularly affected by high gas and electricity prices (VCI WCR). Despite the energy problems, the trend was still robust at the Eastern European sites, where the further expansion of production capacity had an impact. As a result, chemical production in Poland from January to November 2022 increased by a further 10.0 percent compared with the previous year (VCI WCR). In Belgium, the important European chemical site in and around Antwerp benefited from very strong momentum in capital spending. In the previous year, investments increased by 16.7 percent compared with 2020 to €2.7 billion (GTAI Belgium Chemicals Cluster). European companies in the chemical sector have been able to pass on some of their additional costs through higher prices, so that the decline in sales was significantly less than the decline in production. The performance of the pharmaceutical industry which, despite the turbulence, was still able to expand its production by 12.8 percent in Western Europe and by as much as 11.5 percent in Eastern Europe in the first 11 months of the reporting year, was significantly better than that of the chemical industry (VCI WCR).

The oil and gas sectors in the United Kingdom and Norway benefited to a considerable extent from very high demand as a result of the absence of Russian energy exports to Europe and historically high European gas prices. Due to low exploration activity in previous years, oil production on the UK continental shelf continued to decline slightly by 3.0 percent (NSTA PEP). By contrast, natural gas production expanded by 12.0 percent, helping to meet the significant increase in demand from Europe (NSTA PEP). As a result of very strong revenue growth combined with the prospect of persistently strong demand in the years ahead as a result of permanent Russian supply shortfalls, UK oil and gas industry expenditures have increased by a strong 9.1 percent from GBP 12.2 billion to GBP 13.3 billion (NSTA PEP). Rising operating expenses as well as a strong increase in dismantling activities contributed to this development. In addition, the recovery in budgets for exploration and exploratory drilling, which had already begun in the previous year, continued, even though the level prior to the COVID-19 pandemic of 2019 has not yet been reached (NSTA PEP). Norwegian producers also saw double-digit growth in gas production (+12.8 percent, NP PF), while oil production declined slightly (-2.2 percent, NP PF). The high cash flows in the oil and gas industry and the foreseeable strong increase in demand for natural gas in the years ahead have also had a positive impact on the sector's willingness to invest in Norway. Extensive investments were made in improving liquefied gas infrastructure. One milestone was the recommissioning of Europe's largest liquefied natural gas plant in Hammerfest in the summer (Business Portal Norway). Carbon capture and storage projects are also becoming increasingly important. New fields have been identified and licenses awarded (NP Directorate).

The energy sector was confronted with extensive challenges in an abruptly changing environment in the year under review. As a result of disruptions in Russian gas supplies, significant adjustments had to be made in a short period of time (SVR, p. 219): Russian gas imports were replaced by an increase in pipeline imports from the Netherlands and Norway and by liquefied natural gas (LNG) imports through the Netherlands. The LNG Acceleration Act, which took effect in June, has greatly simplified the approval, authorization and awarding procedures for LNG terminals in Germany. As early as the beginning of 2022/2023, two LNG terminals commissioned by the public sector in the German cities of Wilhelmshaven and Brunsbüttel and a private terminal in Lubmin will be in operation (SVR, p. 219). In total, investments in German LNG import infrastructure with a capacity of around 500 terawatt hours were initiated in the year under review. This is roughly equivalent to the volume of Russian gas imports before the outbreak of the war (SVR, p. 219). Beyond the immediate LNG infrastructure, the conversion involves significant technical adjustments in the networks and the purchasing companies due to the fact that the gases have different physical properties.

In order to reduce the burning of gas, a decision was taken to return hard coal and lignite-fired power plants from the power plant reserve and to extend the operating lives of lignite-fired power plants (SVR, p. 221). All these political decisions bring with them a sudden need for additional upgrading work at the power plants concerned. At the same time, historically high electricity prices and ongoing high CO_2 prices in the European emissions trading system have maintained incentives for industry to continue to drive energy efficiency and decarbonization of production.

Engineering & Maintenance International

In the U.S., too, high inflation rates, supply chain issues and higher energy prices had a negative impact. The increase in gas and electricity prices was moderate, however, compared with dramatic price developments in Europe (Heinemann et al.). The abundance of shale gas and the high supply security of the net exporter for gas and oil have ensured very good conditions for the energy-intensive industries in the crisis year 2022 in an international comparison. In addition, the infrastructure package adopted by the Biden administration in the previous year provided a positive stimulus, triggering considerable demand for chemical products and supporting key technologies relating to the battery supply chain and green hydrogen with high levels of government funding (GTAI USA Chemicals). In the highly inflationary environment, decisive policy measures taken by the US Federal Reserve – steps that have contributed to an economic slowdown with rapid interest rate hikes – had a dampening effect. Higher interest rates in particular curbed both private consumption and the real estate sector, which is an important driver of demand for construction chemicals products. Not only that, but the highly valued U.S. dollar and the weakening global economy also impeded the export business. Overall, however, the positive factors that arose as a result of the very strong recovery phase following the COVID-19 pandemic outweighed the negative factors. Unlike in Europe, chemical production in the United States managed to grow strongly from January to November 2022 (VCI WCR), with an increase of 4.4 percent. Development in the North American pharmaceutical industry was equally positive, with an increase of 3.9 percent (VCI WCR).

Once again, it has become apparent how quickly the US fracking sector is responding to more favorable market conditions by expanding production. By the end of the year, the number of active production sites was already back up to 779, a threefold increase from the lows seen in the year of the 2020 COVID-19 lockdowns (Baker Hughes). During the reporting year, the U.S. continued to increase production of oil and natural gas, and also saw a further 10.2 percent increase in LNG exports in response to the surge in global demand and benefited strongly financially (EIA). With increasing volumes and extremely high prices, the U.S. oil and gas sector managed to generate the highest free cash flow in its history, thus significantly increasing its ability to invest (Deloitte). In

U.S. electricity production, the share of coal continues to decline while the importance of renewables continues to increase. The proportion of nuclear and gas-fired power plants remains roughly constant (EIA).

The Gulf states have succeeded in substantially increasing their export revenues thanks to very high prices for oil and gas. For the largest Gulf economy, Saudi Arabia, oil exports including refined products have climbed to over US$300 billion, almost tripling from the low in 2020 (GTAI Saudi Arabia Exports). The extremely high revenues eliminated the previously high deficit in the state budget and improved the financial footing again for a continuation of the diversification strategy away from a one-sided oil dependency. One of the most important projects in the expansion of Saudi Arabia’s downstream industries is the construction of the chemical complex in Jubail, with an estimated investment volume of US$9 billion (GTAI Saudi Arabia SWOT). Chemical and petrochemical capacity in the other Gulf states also continued to expand strongly. In Kuwait, the Az Zour refinery, built at a cost of US$16 billion, commenced initial partial operations in November (GTAI Kuwait SWOT).

Technologies

The European energy crisis has not only led to an abrupt shift back in electricity production from gas-fired to coal and lignite-fired power plants, but has also intensified the debate about the future role of nuclear power in decarbonization across Europe. Germany’s federal government adopted a decision to extend the service lives of the country’s three remaining nuclear power plants as a means of safeguarding the production of electricity. This step, however, is limited until April 15, 2023. A further extension or even a recommissioning of nuclear power plants that have already been taken off the grid is not currently under consideration. In many other countries, however, nuclear power is regarded as a suitable option for sustainably reducing greenhouse gas emissions from the energy sector. Worldwide, there are currently approximately 50 new nuclear power plants under construction (FAZ Renaissance). During the summer months, the European Parliament accepted the European Commission’s proposal to classify nuclear power in the Taxonomy Regulation as an environmentally sustainable activity subject to certain conditions (European Parliament). Consequently, the financing of new nuclear power plants in the EU will not be adversely affected by unfavorable financing conditions in the future. Currently, eight EU member states are pursuing plans to build new nuclear power plants (BMK, DW). Poland and Hungary are pursuing particularly ambitious plans for expansion. Belgium has postponed the phase-out of nuclear power, previously scheduled for 2025, by 10 years following the Russian attack on Ukraine. In the Netherlands, the government has announced plans to build two new nuclear power plants and has approved initial development funds (Euractiv). In Finland, commissioning of the new Olkiluoto-3 power plant is approaching. A contract to build another nuclear reactor with a Russian supplier was canceled after the war began (DW). France is also maintaining its commitment to nuclear power and plans to replace old reactors with new ones (DW). Corrosion damage to piping at some French nuclear power plants that has come to light has further stimulated demand for outside services. Outside the EU, the UK is pursuing plans to build the new Sizewell C nuclear power plant in Suffolk (Welt), over and above the ongoing construction project at Hinkley Point C.

In the conventional power plant market, nine gas-fired power plants and one fuel oil power plant were under construction in Germany in the spring, with a further eight gas-fired power plants and two hydropower plants in the planning stage (UBA). How the energy crisis, high prices and uncertain availability of natural gas will impact investments in gas-fired power plants was not yet foreseeable in the year under review. In the market for externally contracted services, the share of the energy sector has been rising slightly again since reaching its lows (Lün, p. 37). The market for decommissioning nuclear power plants in Germany is currently benefiting from a significant increase in volume, with annual expenditure by German power plant operators currently at just under €2 billion (Bundestag).

In the pharmaceuticals and biopharmaceuticals sectors, after historical highs in stock market valuations and research spending in the COVID-19 years 2020 and 2021, there has been a slow-down in growth as the pandemic subsides. Nevertheless, global pharmaceutical research spending in 2022 was US$238 billion, 24 percent above 2019 levels (Evaluate, p. 20). Industry revenues from prescriptions rose by a robust 6.8 percent worldwide (Evaluate, p. 13). The share of biotechnology-based pharmaceuticals has reached 37 percent with the push from the COVID-19 pandemic (Evaluate, p. 14). As a result, the industry's European sites were characterized by a strong willingness to invest in small and medium-sized process plants. This willingness to invest was supported by strong financial power, European innovation demonstrated in the pandemic, and the goal of greater European autonomy in manufacturing.

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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: 65% Projects: 35%	Share of revenue: 20%	Share of revenue: 30%	Share of revenue: 10%	Share of revenue: 20%
		Long-term development: Government subsidies, CO_2 reduction, investment in renewables, goal of independence from Russia, ageing infrastructure	Long-term development: Sustainability, energy costs, availability of resources and skilled workers, capacity expansion and modernization in North America and Middle East	Long-term development: De-globalization, demographic development, outsourcing of maintenance and production, health care spend	Long-term development: Investment in renewable energy, goal of independence from Russia, ageing infrastructure
		Current situation: Increasing green energy investments, nuclear power revival as part of “net zero” strategy, nuclear waste treatment market developing	Current situation: Increasing demand for integrated industrial services; investments in resource and energy transition as well as in electrification of industrial assets will continue to grow; certain weakness in Germany, more stable abroad	Current situation: Increasing global health care spend, especially in developed countries, partial relocation of production to Europe, strengthening supply chain stability	Current situation: High level of investment, including LNG, some large companies are working intensively on hydrogen, carbon capture and renewables
		Positioning of the Bilfinger Group: Service coverage of the entire value chain of the customer; sustainability enhancement through hydrogen, district heating and cooling, battery production and hydropower, for example	Positioning of the Bilfinger Group: Service coverage of the entire value chain of the customer; sustainability enhancement through carbon capture and utilization and hydrogen, for example	Positioning of the Bilfinger Group: Service coverage of the entire value chain of the customer; focus on pharma, biopharma as well as food & beverage	Positioning of the Bilfinger Group: Service coverage of the entire value chain of the customer; sustainability enhancement through carbon capture and utilization, hydrogen, for example

Factors influencing business development, continued >

< Factors influencing business development, begin

FACTORS INFLUENCING BUSINESS DEVELOPMENT

		Energy	Chemical & petrochemical	Pharma & biopharma	Oil & gas
Engineering & Maintenance Europe	Framework and service contracts: 75% Projects: 25%	Share of revenue: 10%	Share of revenue: 40%	Share of revenue: 5%	Share of revenue: 25%
Engineering & Maintenance International	Framework and service contracts: 60% Projects: 40%	Share of revenue: 10%	Share of revenue: 20%		Share of revenue: 10%
Technologies	Framework and service contracts: 5% Projects: 95%	Share of revenue: 35%	Share of revenue: 15%	Share of revenue: 35%	Share of revenue: 10%

* 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 75 percent share of segment revenue. Revenue in the project business totaled 25 percent.

At Engineering & Maintenance International around 60 percent of sales came from framework and service contracts and 40 percent from project business.

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

For the Group as a whole, framework and service agreements slightly predominated with a share of around 65 percent of Group revenue, while projects and component manufacturing accounted for around 35 percent.

B.2.2 Results of operations

OVERVIEW OF ORDERS AND REVENUE

in € million	2022	2021	Δ in %
Orders received	4,615.0	4,007.8	15
Order backlog	3,225.8	2,946.3	9
Revenue	4,312.0	3,737.4	15

In financial year 2022, orders received for the Bilfinger Group of €4,615.0 million were 15 percent above the prior-year figure; organically, the increase was 14 percent. There was a significant increase in all segments of the Group. At the end of the year, order backlog amounted to €3,225.8 million, and was thus 9 percent above the figure for the prior year (organically: 10 percent). Revenue grew by 15 percent (organically: 14 percent) to €4,312.0 million, thus returning to the pre-crisis level of 2019. Revenue also grew in all reportable segments.

REVENUE BY REGION

in € million	2022		2021		Δ in %
Germany	1,002.8	23%	1,019.4	27%	-2
Rest of Europe	2,289.2	53%	2,029.8	54%	13
America	686.5	16%	452.5	12%	52
Africa	171.1	4%	123.0	3%	39
Asia[1]	162.3	4%	112.7	3%	44
Total	**4,312.0**		3,737.4		15

1 including Australia

In the reporting year, about 76 percent of revenue was accounted for by European markets. Germany contributed 23 percent of sales volume; the focus in European countries outside Germany remained Scandinavia, the United Kingdom, the Netherlands and Belgium as well as Austria. 16

percent of revenue was generated in North America while Asia and Africa each contributed 4 percent.

REVENUE BY BUSINESS SEGMENT

in € million	2022	2021	Δ in %
Engineering & Maintenance Europe	2,784.5	2,517.7	11
Engineering & Maintenance International	797.8	553.3	44
Technologies	592.0	559.9	6
Reconciliation Group	137.7	106.5	29
thereof Other Operations	197.1	167.2	18
thereof headquarters / consolidation / other	-59.4	-60.7	-2
Total	**4,312.0**	3,737.4	15

Engineering & Maintenance Europe

ENGINEERING & MAINTENANCE EUROPE

in € million	2022	2021	Δ in %
Orders received	2,917.8	2,552.5	14
Order backlog	1,876.0	1,768.8	6
Revenue	2,784.5	2,517.7	11

At Engineering & Maintenance Europe, orders received increased by 14 percent (organically: 14 percent) to €2,917.8 million. In this context, an increasing number of new framework agreements and projects to enhance customer efficiency and sustainability were taken on. Order backlog also increased to €1,876.0 million. Revenue increased by 11 percent (organically: 11 percent) to €2,784.5 million, supported by strong demand in the North Sea oil & gas sector.

ENGINEERING & MAINTENANCE EUROPE:
REVENUE BY REGION

in € million	2022		2021		Δ in %
Germany	751.1	27%	779.9	31%	-4
Rest of Europe	2,013.9	72%	1,731.4	69%	16
Other	19.5		6.3		208
Total	**2,784.5**		2,517.7		11

In 2022, about 27 percent of revenue generated in the Engineering & Maintenance Europe segment came from Germany. 72 percent of segment revenue was accounted for by European countries outside Germany – with a focus on Scandinavia, the United Kingdom, the Netherlands and Belgium as well as Austria.

Engineering & Maintenance International

ENGINEERING & MAINTENANCE INTERNATIONAL

in € million	2022	2021	Δ in %
Orders received	832.9	633.9	31
Order backlog	549.7	489.6	12
Revenue	797.8	553.3	44

Orders received at Engineering & Maintenance International increased by 31 percent (organically: 18 percent) to €832.9 million. The strong organic increase resulted largely from maintenance and repair contracts for North American customers. The strategic realignment undertaken in 2021 continues to bear fruit here, with the increased utilization of Bilfinger's maintenance expertise, also in the United States. Order backlog at the end of the year was €549.7 million. Revenue was up 44 percent (organically: 29 percent) to €797.8 million. This was also due to the increase in maintenance contracts in North America.

ENGINEERING & MAINTENANCE INTERNATIONAL: REVENUE BY REGION

in € million	2022		2021		Δ in %
America	657.4	82%	448.4	81%	47
Asia	140.4	18%	104.9	19%	34
Total	**797.8**		553.3		44

Our business outside Europe is bundled in the Engineering & Maintenance International segment. In the reporting year, 82 percent of revenue was generated in the North American market, while the Middle East contributed 18 percent to segment revenue.

Technologies

TECHNOLOGIES

in € million	2022	2021	Δ in %
Orders received	672.0	596.8	13
Order backlog	687.9	617.3	11
Revenue	592.0	559.9	6

In the Technologies segment, orders received increased by 13 percent (organically: 13 percent) to €672.0 million. Demand for projects was particularly strong in the pharma & biopharma sectors. At €687.9 million, order backlog at the end of the reporting year was significantly higher than a year earlier. Revenue also improved, rising by 6 percent (organically: 6 percent) to €592.0 million. Here, too, the activities for the pharma & biopharma industries had a significant influence.

TECHNOLOGIES:
REVENUE BY REGION

in € million	2022		2021		Δ in %
Germany	286.9	48%	268.5	48%	7
Rest of Europe	269.6	46%	285.7	51%	-6
America	28.0	5%	2.0	0%	1,300
Africa	0.6	0%	-0.5	0%	-215
Asia	3.5	1%	3.1	1%	14
Total	592.0		559.9		6

In the Technologies segment, 48 percent of revenue was attributable to Germany, and 46 percent of volume was generated in European countries outside Germany with a focus on France, Austria and the United Kingdom. The markets in the Middle East, Africa and North America accounted for a total of around 6 percent of segment revenue.

Reconciliation Group

RECONCILIATION GROUP

in € million	2022	2021	Δ in %
Orders received	192.2	224.6	-14
thereof Other Operations	227.2	252.9	-10
thereof headquarters / consolidation / other	-35.0	-28.3	-24
Revenue	137.7	106.5	29
thereof Other Operations	197.1	167.2	18
thereof headquarters / consolidation / other	-59.4	-60.7	2

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 will be managed independently for value until a suitable owner has been found. Other Operations included two company units in financial year 2022.

In Other Operations, orders received decreased by 10 percent (organically: 2 percent) to €227.2 million. Revenue increased by 18 percent (organically: 26 percent) to €197.1 million. The increase resulted from the positive development of the unit in South Africa.

Revenue

CONSOLIDATED INCOME STATEMENT
(ABRIDGED)

in € million	2022	2021
Revenue	**4,312.0**	**3,737.4**
Cost of sales	-3,874.9	-3,350.4
Gross profit	**437.2**	**387.0**
Selling and administrative expense	-307.5	-290.7
Impairment losses and reversals of impairment losses in accordance with IFRS 9	-2.9	-2.8
Other operating income and expense	-56.4	24.6
Income from investments accounted for using the equity method	5.1	3.1
Earnings before interest and taxes (EBIT)	**75.5**	**121.2**
Financial result	-23.9	-5.9
Earnings before taxes	**51.5**	**115.3**
Income taxes	-20.4	8.1
Earnings after taxes from continuing operations	**31.1**	**123.4**
Earnings after taxes from discontinued operations	**-0.1**	**6.8**
Earnings after taxes	31.0	130.2
thereof non-controlling interests	2.9	0.7
Net profit	**28.2**	**129.5**
Basic earnings per share (in €)	0.71	3.19
thereof from continuing operations	0.71	3.02
thereof from discontinued operations	0.00	0.17
Diluted earnings per share (in €)	0.71	3.16
thereof from continuing operations	0.71	2.99
thereof from discontinued operations	0.00	0.17

In a solid market environment, Group revenue increased by 15 percent to €4,312.0 million in the year under review (previous year: €3,737.4 million). 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 16 percent to €3,874.9 million (previous year: €3,350.4 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: 77 percentage points). As in the previous year, there was no amortization of intangible assets from acquisitions. Depreciation of property, plant and equipment and the amortization of other intangible assets amounted to €48.5 million (previous year: €49.1 million). This includes impairment losses of €0.5 million (previous year: €0.5 million). Depreciation and amortization on rights of use from leases was €50.2 million (previous year: €51.8 million). This item included impairment losses of €0.5 million (previous year: €2.1 million), which in the previous year were mainly attributable to *Engineering & Maintenance International*. In addition, reversals of impairment losses amounting to €1.3 million were also recognized in this reporting segment in the previous year.

Gross profit

Gross profit increased by 13 percent to €437.2 million (previous year: €387.0 million). This is mainly attributable to the increased revenue. Gross margin as a percentage of revenue was 10.1 percent (previous year: 10.4 percent).

Selling and administrative expense

Selling and administrative expense increased by 6 percent, and thus significantly less than revenue, to €307.5 million (previous year: €290.7 million). Due to inflationary pressure, material costs in particular increased, including for fuel, insurance and the renewed increase in travel following the COVID-19 pandemic.

The share of selling and administrative expenses in revenue was reduced further to 7.1 percent (previous year: 7.8 percent).

Other operating income and expense

The balance of other operating income and expense was negative at -€56.4 million (previous year: €24.6 million).

Income amounted to €29.4 million (previous year: €68.4 million). The decrease was mainly due to the sale of land and real estate not required for operating purposes in the previous year, with a value of €30.4 million; in the reporting year this figure was €9.9 million. Disposals of property, plant and equipment thus decreased significantly compared to the previous year to €12.2 million (previous year: €34.5 million). Income from operating investments of €2.9 million (previous year: €9.2 million) mainly includes income from the sale of subsidiaries and investments accounted for using the equity method. Other income of €2.2 million (previous year: €8.5 million) includes a large number of items which, individually, are of minor importance.

Other operating expense increased significantly to -€85.9 million (previous year: -€43.8 million). This was mainly due to the significant increase in restructuring expenses to -€65.7 million (previous year: -€16.7 million). These were, for the most part, expenses from the recognition of provisions of €62.4 million for the efficiency program launched in 2022 and expenses of €4.8 million in connection with the withdrawal from the Russian business. This was offset by €1.4 million from the reversal of provisions for restructuring which were not required and which were recognized in prior years. Other expense amounted to €5.5 million (previous year: €7.7 million) and is also made up of a number individual items, each 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. It rose to €5.1 million (previous year: €3.1 million).

EBIT / EBITA

Because, as was also the case in the prior year, there was no amortization of intangible assets from acquisitions in the reporting year, EBIT of €75.5 million (previous year: €121.2 million) was again in line with reported EBITA.

EBITA BY BUSINESS SEGMENT

	EBITA in € million		EBITA margin in %	
	2022	2021	**2022**	2021
Engineering & Maintenance Europe	104.7	115.5	3.8	4.6
adjusted	*140.2*	*130.7*	*5.0*	*5.2*
Engineering & Maintenance International	-8.4	-17.6	-1.0	-3.2
adjusted	*-5.3*	*-13.9*	*-0.7*	*-2.5*
Technologies	8.4	19.2	1.4	3.4
adjusted	*17.6*	*20.3*	*3.0*	*3.6*
Reconciliation Group	-29.3	4.0		
adjusted	*-12.6*	*0.2*		
thereof Other Operations	17.5	2.3	8.9	1.4
adjusted	*17.5*	*2.3*	*8.9*	*1.4*
thereof headquarters / consolidation / other	-46.8	1.8	0.0	0.0
adjusted	*-30.1*	*-2.1*	*0.0*	*0.0*
Continuing operations	**75.5**	121.2	**1.8**	3.2
adjusted	*140.0*	*137.2*	*3.2*	*3.7*

SPECIAL ITEMS IN EBITA

	EBITA in € million		EBITA margin in %	
	2022	2021	**2022**	2021
EBIT	**75.5**	121.2	**0.0**	0.0
Amortization of intangible assets from acquisitions and goodwill	0.0	0.0		
EBITA	**75.5**	121.2	**1.8**	3.2
Special items				
Expense for restructuring and efficiency enhancement	66.8	18.0		
Expense for process and system harmonization	0.0	6.5		
Income / expense from the disposal of investments	-2.3	-8.5		
EBITA adjusted for special items	**140.0**	137.2	**3.2**	3.7

The significant year-on-year decline in EBITA is due in particular to the increase in special items. These amounted to a total of €64.5 million (previous year: €16.0 million). The vast majority of this amount, €62.4 million, was accounted for by provisions for the efficiency program launched in the reporting year. The aim of the program is to make the company even leaner and more competitive. Changes will be 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. About a quarter of the funds freed up annually will be invested in the future in employee training and development.

In addition, there were special items from provisions and impairment losses in the reporting year at *Engineering & Maintenance Europe* in connection with the withdrawal from the Russian business amounting to €5.9 million. Bilfinger decided in March 2022 not to accept any new orders in Russia, to let existing contracts expire and to comply with and monitor all applicable sanctions imposed against Russia. In view of the low sales volume in Russia (financial year 2021: around €10 million), the termination of activities had no significant impact on the Group's revenue performance in the reporting period. The remaining amount of €2.3 million resulted mainly from proceeds from the sale of a company in the form of an asset deal in *Other Operations*. The withdrawal from Russia was largely completed by the end of the financial year. This was offset by €1.4 million from the reversal of provisions for restructuring which were not required and which were recognized in prior years.

In the previous year, €18.0 million was spent on restructuring and efficiency enhancement and €6.5 million on process and system harmonization. In addition, income from disposals of investments in the amount of €8.5 million was incurred in 2021.

Compared with the previous year's EBITA, it should be noted that this figure included proceeds of €30.4 million from the sale of land and real estate. In the reporting year, this item accounted for €9.9 million.

In total, this resulted in an EBITA margin of 1.8 percent in financial year 2022 (previous year: 3.2 percent). EBITA adjusted for special items amounted to €140.0 million (previous year: €137.2 million), while the corresponding adjusted EBITA margin was 3.2 percent (previous year: 3.7 percent).

In the reporting year, Bilfinger took advantage of government funding measures to mitigate the effects of the COVID-19 pandemic. These were mainly support measures for personnel costs, including compensation benefits and compensation allowances. In accordance with IAS 20, these were classified as government grants related to profit or loss, and were recognized as a reduction of the corresponding personnel expense, in the amount of about €1 million (previous year: €9 million). Further details are provided in Chapter *C.6.3.2 Government grants and other measures in connection with the COVID-19 pandemic.*

At segment level, *Engineering & Maintenance Europe* generated EBITA of €104.7 million (prior year: €115.5 million), corresponding to an EBITA margin of 3.8 percent (prior year: 4.6 percent). Special items of -€35.5 million were incurred here (previous year: -€15.1 million). Of this amount, provisions for the efficiency program accounted for -€29.6 million and provisions and impairment losses for the withdrawal from the Russian business accounted for -€5.9 million. Adjusted for special items, EBITA amounted to €140.2 million (previous year: €130.7 million) and the adjusted EBITA margin was 5.0 percent (previous year: 5.2 percent).

At *Engineering & Maintenance International*, EBITA improved but remained negative at -8.4 million (prior year: -€17.6 million). Special items amounted to -€3.0 million (previous year: -€3.7 million), while the EBITA margin was -1.0 percent (previous year: -3.2 percent). Excluding special items, adjusted EBITA improved to -€5.3 million (previous year: -€13.9 million) and the adjusted EBITA margin was -0.7 percent (previous year: -2.5 percent).

At *Technologies*, EBITA totaled €8.4 million (previous year: €19.2 million), including special items of -€9.2 million (previous year: -€1.1 million). The EBITA margin was 1.4 percent (previous year: 3.4 percent). EBITA adjusted for special items amounted to €17.6 million (previous year: €20.3 million), while the adjusted EBITA margin was 3.0 percent (previous year: 3.6 percent).

In the reporting year, EBITA not allocated to the business segments amounted to -€29.3 million (previous year: €4.0 million). Adjusted for special items, EBITA amounted to -€12.6 million (previous year: €0.2 million). In the previous year, proceeds of €30.4 million from the sale of land and real estate also contributed to achieving break-even. In the reporting year, income generated from the sale of real estate amounted to €9.9 million.

Financial result

The financial result declined significantly to -€23.9 million (previous year: -€5.9 million). Interest income decreased to €5.7 million (previous year: €17.2 million). The prior-year figure resulted primarily from a particularly high level of income from interest on the late payment of tax receivables and from the investment of cash and cash equivalents with variable interest rates.

The current interest expense amounted to -€20.2 million (previous year: -€22.1 million). This is mainly incurred on financial debt with fixed and variable interest rates. Interest expense compared with the previous year decreased as a result of the adjustment in mid-June 2021 of the interest coupon on the bond we issued from 5.75 percent to 4.50 percent following a rating upgrade. Since that time, the interest coupon has remained unchanged at 4.50 percent. In addition, further tranches of the promissory note loans with a nominal value of €9.0 million were repaid in April 2022, with remaining tranches of €5.5 million with fixed interest rates remaining as of the reporting date.

The interest expense on lease liabilities in accordance with IFRS 16 amounted to -€5.4 million (previous year: -€5.7 million). Income from securities decreased to -€0.5 million (previous year: €8.4 million), because the previous year's figure included the change in the fair value of the preferred participation note in connection with the sale of the former Building and Facility division (Apleona) amounting to €8.4 million. Interest expense from additions to pension provisions – netted against income from plan assets – amounted to -€2.7 million (previous year: -€2.0 million), while interest expense for minority interests was -€0.9 million (previous year: -€1.7 million).

Earnings before and after taxes

At €51.5 million (previous year: €115.3 million), earnings before taxes were lower than in the previous year, especially as a result of the increased special items in EBITA and the lower financial result.

After the Group generated tax income of €8.1 million in financial year 2021, a figure that included tax refunds of around €31 million from tax audits for the years 2001-2009, the income tax expense amounted to -€20.4 million in the reporting year.

Earnings after taxes from continuing operations amounted to -€0.1 million (previous year: €6.8 million). The resolution of a number of disputes and issues in connection with previously sold subsidiaries and the associated elimination of the need for risk provisions had a positive impact in the previous year.

In the reporting year, earnings after taxes thus amounted to €31.0 million (previous year: €130.2 million).

Non-controlling interests

Profit attributable to non-controlling interests was €2.9 million (previous year: €0.7 million).

Net profit / earnings per share

Net profit decreased to €28.2 million (previous year: €129.5 million) as a result of lower EBITA, mainly due to special items, the lower financial result and the tax refunds incurred in the previous year. Basic earnings per share decreased to €0.71 (previous year: €3.19), while diluted earnings per share also fell to €0.71 (previous year: €3.16).

Net profit from continuing operations adjusted for the above-mentioned special items amounted to €81.8 million (previous year: €89.0 million); adjusted earnings per share from continuing operations amounted to €2.06 (previous year: €2.17). 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 €1.30 per share be distributed. This is intended to allow shareholders to participate in Bilfinger's positive operating performance in the past financial year in addition to the minimum dividend of €1.00 per share. The previous year's dividend resulted from the minimum dividend of €1.00 per share and an additional distribution of €3.75 per share from the proceeds from the sale of Apleona in Bilfinger SE's distributable earnings.

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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Engineering & Maintenance Europe	956.4	890.4	91.6	97.5	9.6	11.0	8.3	8.2	11.9	24.5
Engineering & Maintenance International	347.9	309.1	-8.0	-18.3	-2.3	-5.9	9.5	8.9	-41.0	-45.8
Technologies	248.1	246.9	10.7	17.8	4.3	7.2	10.5	10.3	-15.3	-7.7
Reconciliation Group	357.9	642.6	-34.0	57.9	–	–	–	–	-65.2	5.6
thereof Other Operations	42.4	43.6	12.6	1.4	29.6	3.3	15.0	13.6	6.2	-4.5
thereof headquarters / consolidation / other	315.4	599.0	-46.5	56.5	–	–	–	–	-71.4	10.1
Continuing operations	**1,910.2**	2,088.9	**60.3**	154.9	**3.2**	7.4	**8.9**	8.5	**-109.5**	-23.4

Value added – the difference between 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 €1,910.2 million in the reporting year (previous year: €2,088.9 million). The return from continuing operations declined to €60.3 million (previous year: €154.9 million).

The weighted average cost of capital (WACC) for the Group was 8.9 percent after taxes (previous year: 8.5 percent). Overall, ROCE in the reporting year fell to 3.2 percent (previous year: 7.4 percent) and absolute value added amounted to -€109.5 million (previous year: -€23.4 million).

B.2.3 Net assets

CONSOLIDATED BALANCE SHEET

	2022	2021
in € million		
Assets		
Non-current assets		
Intangible assets	786.5	780.6
Property, plant and equipment	246.2	258.7
Right of use assets from leases	173.2	176.7
Investments accounted for using the equity method	12.7	11.4
Other non-current assets	7.3	7.3
Deferred taxes	35.9	46.7
	1,261.9	1,281.4
Current assets		
Inventories	80.8	64.9
Receivables and other current assets	1078.5	909.1
Current tax assets	7.3	20.3
Other assets	35.2	40.2
Securities	0.0	0.0
Marketable securities	14.9	189.9
Cash and cash equivalents	573.4	642.9
Assets classified as held for sale	0.0	0.0
	1,790.1	1,867.3
Total	**3,052.0**	3,148.7

Consolidated balance sheet management report, continued >

< Consolidated balance sheet management report, begin

CONSOLIDATED BALANCE SHEET

in € million	2022	2021
Equity & liabilities		
Equity		
Share capital	132.6	132.6
Capital reserve	765.9	771.8
Retained and distributable earnings	293.3	403.1
Other reserves	0.7	5.5
Treasury shares	-104.7	-12.2
Equity attributable to shareholders of Bilfinger SE	1,087.9	1,300.8
Minority interest	-9.7	-11.8
	1,078.2	1,289.0
Non-current liabilities		
Provisions for pensions and similar obligations	238.7	306.5
Other provisions	17.3	20.7
Financial debt	388.9	395.1
Other liabilities	0.0	2.5
Deferred taxes	10.8	4.2
	655.7	729.0
Current liabilities		
Current tax liabilities	29.7	21.9
Other provisions	238.8	215.8
Financial debt	54.7	54.3
Trade and other payables	787.0	641.4
Other liabilities	208.1	197.3
Liabilities classified as held for sale	0.0	0.0
	1,318.2	1,130.7
Total	**3,052.0**	3,148.7

The company's net assets remain sound. The balance-sheet total decreased slightly to €3,052.0 million (previous year: €3,148.7 million).

On the assets side, non-current assets decreased to €1,261.9 million (previous year: €1,281.4 million). At €786.5 million (previous year: €780.6 million), intangible assets were slightly higher than in the previous year. The goodwill included in this figure rose to €782.9 million due to currency effects (previous year: €777.7 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 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, 2022. 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 €246.2 million (previous year: €258.7 million), while rights of use from leases in accordance with IFRS 16 totaled €173.2 million (previous year: €176.7 million).

Other non-current assets decreased to €55.9 million (previous year: €65.4 million), with deferred tax assets comprising the largest item at €35.9 million (previous year: €46.7 million).

Current assets decreased to €1,790.1 million (previous year: €1,867.3 million). Receivables and other current assets recorded a growth-related increase to €1,078.5 million (previous year: €909.1 million), with receivables from work in progress rising to €345.3 million (previous year: €317.0 million).

Cash and cash equivalents decreased overall to €573.4 million (previous year: €642.9 million) in the year under review.

On the liabilities side, equity was lower at €1,078.2 million (previous year: €1,289.0 million). This was due in particular to the share buyback program that was implemented in financial year 2022 with a volume of €100.0 million and the distribution of the dividend, which was significantly increased due to the selling proceeds in connection with the preferred participation note for Apleona, with a total distribution of €193.7 million. Earnings after taxes were also lower in the previous year at €28.2 million (previous year: €129.5 million). The equity ratio stood at 35 percent at the balance-sheet date (previous year: 41 percent).

Non-current liabilities declined to €655.7 million (previous year: €729.0 million). This resulted in particular from the reduction in provisions for pensions and similar obligations. These provisions amounted to €238.7 million (previous year: €306.5 million), based on an increased discount rate of 3.75 percent (previous year: 1.05 percent) in the euro zone. For detailed explanations, please refer to Chapter *C.6.24 Pension provisions and similar obligations.*

At €388.9 million (previous year: €395.1 million), non-current financial debt was roughly at the level of the previous year. It also includes a bond in the amount of €250.0 million maturing in June 2024. Non-current lease liabilities in accordance with IFRS 16 totaled €133.2 million (previous year: €139.9 million). Current financial debt amounted to €54.7 million (previous year: €54.3 million) and mainly relates to current lease liabilities under IFRS 16 of €47.9 million (previous year: €45.0 million). Net liquidity on the balance-sheet date was €144.8 million (previous year: €383.4 million).

Current liabilities rose to €1,318.2 million (previous year: €1,130.7 million), while other provisions increased to €238.4 million (previous year: €215.8 million). Working capital totaled -€61.8 million (previous year: -€41.9 million). Trade accounts payable and other liabilities increased to €787.0 million (previous year: €641.4 million), with trade accounts payable up at €427.1 million (previous year: €337.2 million). Advance payments received were also higher than in the previous year at €214.6 million (previous year: €143.5 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 Corporate 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.3.2.3 Opportunity and risk report – Financial risks* 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
		2022		2021
in € million				
Bank guarantees	**900.2**	**498.7**	905.6	477.9
thereof with residual term < 1 year	900.2	498.7	905.6	477.9
Syndicated credit facilities	**385.0**	**0.0**	335.0	0.0
thereof with residual term < 1 year	385.0	0.0	85.0	0.0
Operating loans	**1.6**	**1.6**	1.9	1.9
thereof with residual term < 1 year	0.3	0.3	0.3	0.3
Corporate bond / promissory note loans	**260.8**	**260.8**	262.5	262.5
thereof with residual term < 1 year	6.4	6.4	9.0	9.0
Liabilities from lease obligations	**181.1**	**181.1**	185.0	185.0
thereof with residual term < 1 year	47.9	47.9	45.0	45.0

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, which is carried out under consideration of matching maturities, our main banks have provided a syndicated credit facility that was newly agreed in December 2022 in the amount of €300.0 million (previous year: €250.0 million), which had not been utilized at the balance-sheet date. Availability of the facility is firmly committed until December 2027. 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 approximately €85 million.

In addition, Bilfinger issued a bond in 2019 with a nominal value of €250.0 million, maturity in June 2024 and a fixed interest rate over the entire period. Moreover, in 2019, several promissory note loans totaling €123.0 million maturing in April 2022 and in October 2024 with partly variable and partly fixed interest rates over the term to maturity were also taken out, whereby the variable tranches totaling €108.5 million were repaid early in 2021. In April 2022, further promissory note loans in the amount of €9.0 million were repaid as scheduled on maturity. The tranches with fixed interest rates amounting to €5.5 million remained as of the reporting date.

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 by way of bank guarantees of €900.2 million from various banks and bonding insurers available to meet the needs of the operating business, which are not fully utilized. Information on existing financial debt is provided in Chapter *C.6.26 Financial debt*.

Financial debt totaled €443.5 million (previous year: €449.4 million) at the reporting date, including lease liabilities of €181.1 million (previous year: €185.0 million) in accordance with IFRS 16. In terms of financial debt, €388.9 million (previous year: €395.1 million) related to non-current liabilities and €54.7 million (previous year: €54.3 million) to current liabilities. We do not utilize off-balance-sheet financing instruments. Bank balances of €1.8 million (previous year: €2.1 million) were pledged as of the reporting date.

Approved 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 – declined to €51.7 million in the reporting year (previous year: €61.3 million). Of this amount, €34.9 million (previous year: €45.4 million) was invested in operating and office equipment, €9.1 million (previous year: €9.3 million) in technical equipment and machinery, €2.1 million (previous year: €3.2 million) in land and buildings and €2.2 million (previous year: €0.7 million) in intangible assets. Depreciation and amortization amounted to €48.5 million (previous year: €49.0 million). This figure includes impairment charges of €0.5 million (previous year: €0.5 million).

INVESTMENTS / DEPRECIATION BY BUSINESS SEGMENT

	Investments	Depreciation	Investments	Depreciation
		2022		2021
in € million				
Engineering & Maintenance Europe	41.5	37.3	54.6	35.6
Engineering & Maintenance International	3.4	3.9	2.1	5.5
Technologies	4.8	3.4	3.2	3.0
Reconciliation Group	2.0	3.9	1.4	4.9
thereof Other Operations	1.5	1.6	0.9	1.6
thereof headquarters / consolidation / other	0.5	2.3	0.5	3.3
Total	**51.7**	**48.5**	61.3	49.0

The Engineering & Maintenance Europe segment accounted for investments in the amount of €41.5 million (previous year: €54.6 million). €28.0 million was invested in operating equipment and office equipment, of which scaffolding accounted for €15.8 million. A further €7.0 million was invested in technical equipment and machinery and €1.8 million in real estate.

The Engineering & Maintenance International business unit invested €3.4 million (previous year: €2.1 million), of which €3.3 million was invested in plant and office equipment, with scaffolding accounting for €0.5 million.

In the Technologies segment, investments amounted to €4.8 million (previous year: €3.2 million). Of that amount, €2.7 million went to operating and office equipment, €1.1 million to technical equipment and machinery and €0.2 million to intangible assets.

Investments in Other Operations totaled €1.5 million (previous year: €0.9 million).

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT BY REGION

in € million	2022	2021	Δ in %
Germany	14.6	26.5	-45
Rest of Europe	33.3	32.0	4
America	1.7	1.5	13
Africa	1.2	0.8	50
Asia	0.9	0.5	80
Total	51.7	61.3	-16

The regional focus of investment was again on Europe, which accounted for 93 percent of the total (previous year: 96 percent). Germany accounted for 28 percentage points of European investment (previous year: 43 percentage points).

Investments in financial assets amounted to €0.1 million (previous year: €2.4 million) in the financial year. In the previous year, the activities of a Dutch specialist for rope access to industrial plants at great heights were acquired as part of an asset deal in the Engineering & Maintenance Europe segment.

Cash flow statement

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED VERSION)

in € million	2022	2021
Cash flow from operating activities of continuing operations	**165.5**	112.5
thereof special items	-20.5	-52.2
Capital expenditure on P, P & E and intangible assets	-51.7	-61.3
Proceeds from the disposal of property, plant and equipment	22.1	63.5
Net cash outflow for property, plant and equipment / intangible assets	**-29.6**	2.2
Free cash flow from continuing operations	**135.9**	114.7
thereof special items	-20.5	-52.2
Payments made / proceeds from the disposal of financial assets	**8.4**	14.9
Investments in financial assets	**-0.1**	-2.4
Changes in marketable securities	**174.7**	268.4
Cash flow from financing activities of continuing operations	**-382.6**	-266.5
Share buyback	-100.0	0.0
Dividends	-195.6	-78.5
Payments from changes in ownership interest without change in control	-0.6	-1.9
Borrowing	0.0	0.0
Repayment of financial debt	-61.2	-158.5
Interest paid	-25.2	-27.6
Change in cash and cash equivalents of continuing operations	**-63.7**	129.1
Change in cash and cash equivalents of discontinued operations	**-4.9**	2.4
Change in value of cash and cash equivalents due to changes in foreign exchange rates	**-0.8**	0.8
Change in cash and cash equivalents	**-69.5**	132.3
Cash and cash equivalents at January 1	642.9	510.6
Change in cash and cash equivalents of assets classified as held for sale	0.0	0.0
Cash and cash equivalents at December 31	**573.4**	642.9

Cash flow from operating activities of continuing operations increased to €165.5 million (previous year: €112.5 million) despite lower EBITDA. This was helped by a further improvement in net working capital in relation to the significant rise in revenue, which increased by a mere €15.7 million (previous year: €27.9 million). The €162.2 million (previous year: €74.8 million) increase in trade receivables was offset by a €83.9 million (previous year: €34.0 million) increase in trade payables and a €62.6 million (previous year: €12.8 million) increase in advance payments received. The most significant contribution to the positive development in working capital, however, was the change in current provisions, which fell significantly to €41.7 million (previous year: -€51.4 million). In the reporting year, -€20.5 million (previous year: -€52.2 million) was used for special items; this was offset by new provisions of €62.4 million for the efficiency program that was launched at the end of the year. The program had a negative impact on EBITDA but did not yet result in cash outflows. In the prior year, tax refunds amounting to €29.0 million had a significantly positive impact on the cash effect of taxes.

SPECIAL ITEMS IN CASH FLOW

in € million	2022	2021
Outflows for restructuring and efficiency enhancement	20.5	45.1
Outflows for process and system harmonization	0.0	7.1

Investments in property, plant and equipment and intangible assets totaled €51.7 million (previous year: €61.3 million). These outflows were offset by a cash inflow of €22.1 million (previous year: €63.5 million). The high figure for the previous year was primarily attributable to the disposal of non-operating real estate and land, which involved an inflow of €57.1 million. In the reporting year, this item accounted for €18.5 million.

Net investments thus increased to €29.6 million (previous year: -€2.2 million). In total, free cash flow increased to €135.9 million (previous year: €114.7 million).

Disposals of financial assets resulted in a cash inflow of €8.4 million (previous year: €14.9 million), mainly due to the sale of a company in Other Operations within the scope of an asset deal. Investments in financial assets decreased to €0.1 million (previous year: €2.4 million).

Cash outflow from financing activities increased significantly to -€382.6 million (previous year: -€266.5 million). This is mainly a result of the share buyback program in 2022 with a volume of €100.0 million and the increased dividend payment of €195.6 million (previous year: €78.5 million) in connection with the *preferred participation note* for Apleona. An outflow of -€61.2 million (previous year: -€158.5 million) was used for the repayment of loans. At -€25.2 million (previous year: -€27.6 million), interest payments were in line with the previous year.

Overall, there was a cash outflow of -€63.7 million from continuing operations (previous year: inflow of €129.1 million) and a cash outflow of -€4.9 million (previous year: inflow of €2.4 million) from discontinued operations.

Changes in exchange rates resulted in an arithmetical decrease in cash and cash equivalents of -€0.8 million (previous year: increase of €0.8 million). Overall, cash and cash equivalents amounted to €573.4 million (previous year: €642.9 million) at the end of the financial year.

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 the distribution of value added in 2022, 96 percent (previous year: 93 percent) was attributable to employees, 1 percent (previous year: 0 percent) to the state and 1 percent (previous year: 1 percent) to lenders. 9 percent (previous year: 4 percent) of the value created was distributed to the shareholders of Bilfinger SE. In total, this resulted in a negative change in equity in the reporting year 2022.

ORIGIN OF VALUE CREATION

in € million, continuing operations and discontinued operations	2022	2021
Revenue	4,313	3,739
Income from investments accounted for using the equity method	3	4
Other operating income	33	76
Depreciation and amortization	-99	-101
Cost of materials	-1,531	-1,255
Other costs related to value added	-525	-458
Value added	2,194	2,005

DISTRIBUTION OF VALUE CREATION

in € million, continuing operations and discontinued operations	2022	in %	2021	in %
To employees	2,112	96	1,856	93
To the state	24	1	-9	0
To creditors	27	1	28	1
To minority interest	3	0	1	0
To shareholders (dividend for the respective financial year)	194	9	76	4
Change in equity	-166	-8	53	3

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	2022	2021
Revenue	108	114
Other operating income	53	76
Personnel expense	-57	-47
Amortization of intangible assets / depreciation of P, P & E	-1	-1
Other operating expense	-113	-105
Earnings from financial assets	104	354
Interest result	-18	-2
Earnings before taxes	**76**	**389**
Income tax expense	1	30
Net income	**77**	**419**
Profit carryforward	23	7
Allocation to other retained earnings	-38	-209
Distributable earnings	**62**	**217**

The income statement of the annual financial statements of Bilfinger SE is characterized by its holding function. Revenue amounted to €108 million (previous year: €114 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. Due to lower rental income in connection with the properties sold in the previous year and as a result of efficiency enhancements at headquarters and the associated cost savings, revenue was lower than in the previous year.

Other operating income of €53 million (previous year: €76 million) mainly related to reversals of write-downs on the carrying amounts of investments written down in previous years, reversals of write-downs on receivables from associates, reversals of other provisions and foreign exchange gains. The previous year included significant book gains from the sale of land, which were only partially offset by the previously mentioned effects in financial year 2022.

The increase in personnel expense to €57 million (previous year: €47 million) was due to higher pension costs and slightly lower wage and salary costs. Significant changes in the economic environment (salary and pension trends, inflation) meant that adjustments to the parameters for calculating obligations had to be made, resulting in a significant increase in pension provisions.

Other operating expenses of €113 million (previous year: €105 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 resulted from higher additions to other provisions due to the efficiency program (€12.0 million) adopted in the fourth quarter.

Earnings from financial assets of €104 million (previous year: €354 million) mainly include gains / losses from profit-and-loss-transfer agreements, dividends as well as interest income from long-term loans to subsidiaries. In the previous year, a significant book gain of €263 million arose as a one-time effect from the inflow of equity-like preferred participation notes in connection with the sale of the former Building and Facility business unit (Apleona) completed in 2016, resulting in the significant year-on-year decline in income from financial assets.

The sharp decline in net interest expense to -€18 million (previous year: -€2 million) was partly due to significantly lower interest income from tax refunds compared with the prior year and partly to exchange-rate losses on securities held as plan assets as a result of the general increase in interest rates.

Earnings before taxes thus declined to €76 million (previous year: €389 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 €1 million (previous year: €30 million) results from a tax-loss carryback after 2021. The prior-year amount related to tax refunds and the reversal of tax provisions in connection with completed tax audits.

Distributable earnings in the amount of €62 million result from the annual profit of €77 million (previous year: €419 million) and retained earnings in the amount of €23 million (previous year: €7 million) with a release from retained earnings in the amount of €38 million (previous year: €209 million). It will be proposed that a dividend for financial year 2022 of €1.30 per share be distributed. This represents a dividend distribution of approximately €49 million in relation to the number of shares entitled to a dividend as of March 1, 2023.

Net assets and financial position

BALANCE SHEET OF BILFINGER SE (HGB / ABRIDGED)

in € million	Dec. 31, 2022	Dec. 31, 2021
Assets		
Non-current assets		
Intangible assets and P, P & E	13	14
Financial assets	1,738	1,680
	1,751	1,694
Current assets		
Receivables and other assets	308	456
Cash and cash equivalents	528	651
	836	1,107
Accrued expenses	0	1
Excess of plan assets over pension liabilities	2	1
Total	2,589	2,803
Equity & liabilities		
Equity	1,468	1,680
Provisions	110	86
Liabilities	1,011	1,037
Total	2,589	2,803

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

Assets totaling €2,589 million (previous year: €2,803 million) mainly comprised financial assets of €1,738 million (previous year: €1,680 million), receivables and other assets of €308 million (previous year: €456 million) and cash and cash equivalents of €528 million (previous year: €651 million).

The €58 million increase in financial assets to €1,738 million was mainly due to the reversal of impairment losses recognized in previous years on the carrying amounts of investments and capital increases carried out at subsidiaries.

Receivables and other assets of €291 million (previous year: €297 million) mainly comprised receivables from subsidiaries in connection with the Group’s centralized corporate financing. The fixed-term deposit of €140 million included in the previous year, which is non-cancelable for a period of 12 months, was fully reversed in the financial year.

Cash and cash equivalents decreased to €528 million (prior year: €651 million) as a result of the share buyback program and the dividend payment made in the financial year.

Prepaid expenses 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 existing surplus cover of partial retirement benefit obligations through plan assets.

The other side of the balance sheet included equity of €1,468 million (previous year: €1,680 million), provisions of €110 million (previous year: €86 million) and liabilities of €1,011 million (previous year: €1,005 million).

The reduction in equity resulted from the share buyback program carried out in the financial year and the dividend distribution, which were only partially offset by the net profit for the year. The equity ratio thus decreased from 60 percent to 57 percent.

Provisions included defined-benefit obligations in the amount of €52 million (previous year: €26 million), tax provisions of €16 million (previous year: €21 million) and other provisions of €42 million (previous year: €39 million).

The increase in pension provisions results on the one hand from a decrease in net plan assets due to a reimbursement in the amount of the previous year’s pension payments and on the other hand from exchange-rate losses. Another factor was the fact that the discount rate used to calculate provisions (10-year average interest rate) decreased further compared with the previous year.

In addition, other calculation parameters had to be adjusted upward due to changes in the economic environment (inflation, pension and salary trends).

The reduction in tax provisions is mainly due to the reversal of the previous year's corporate income tax provision as a result of loss carrybacks and the reduction in risks from tax audits for previous years.

The increase in other provisions is attributable to provisions in connection with the efficiency program adopted in the fourth quarter. This was countered by reversed provisions, particularly in the real estate area.

As in the previous year, liabilities mainly relate to bond and promissory note financing in the amount of €256 million and liabilities to associates from cash investments in the central cash pooling system amounting to €718 million (prior year: €742 million).

Opportunities and risks

The business development of Bilfinger SE as Group holding is generally subject to the same risks and opportunities as 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 2023, we again expect positive earnings of a magnitude similar to those in 2022.

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 Internet site www.bilfinger.com.

B.2.6 Employees

At the end of 2022, the Bilfinger Group workforce numbered 30,309 (previous year: 29,756) employees. The 2 percent year-on-year increase was significantly lower than the growth rate of revenue, which amounted to 15 percent (organically: 14 percent).

In Germany, the number of employees fell to 6,333 (previous year: 6,425), while outside Germany it increased to 23,976 (previous year: 23,331). There were 6,722 employees in countries outside Europe (previous year: 6,721). There was a significant increase in the number of employees in the Middle East in particular, whereas the number in North America fell sharply.

EMPLOYEES BY REGION

	2022	2021	Δ in %
Germany	6,333	6,425	-1
Rest of Europe	17,254	16,610	4
North America	2,797	3,281	-15
Africa	759	762	0
Asia	3,166	2,678	18
Group	**30,309**	29,756	2

EMPLOYEES BY BUSINESS SEGMENT

	2022	2021	Δ in %
Engineering & Maintenance Europe	21,046	20,210	4
Engineering & Maintenance International	5,963	5,951	0
Technologies	2,097	2,088	0
Reconciliation Group			
Headquarters / other	444	484	-8
Other Operations	759	1,023	-26
Group	**30,309**	29,756	2

EMPLOYEE GROUPS	Salaried	Industrial employees	Total	Salaried	Industrial employees	Total
			2022			2021
Engineering & Maintenance Europe	6,160	14,886	21,046	6,094	14,116	20,210
Engineering & Maintenance International	1,722	4,241	5,963	1,557	4,394	5,951
Technologies	1,522	575	2,097	1,489	599	2,088
Reconciliation Group						
Headquarters / other	444	0	444	484	0	484
Other Operations	410	349	759	451	572	1,023
Group	**10,258**	**20,051**	**30,309**	10,075	19,681	29,756

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 10.3 percent (previous year: 10.5 percent).

EMPLOYEES BY GENDER	Male	Female	Total	Male	Female	Total
			2022			2021
Engineering & Maintenance Europe	19,115	1,931	21,046	18,299	1,910	20,209
Engineering & Maintenance International	5,454	509	5,963	5,433	518	5,951
Technologies	1,740	357	2,097	1,752	329	2,081
Reconciliation Group						
Headquarters / other	278	166	444	317	177	494
Other Operations	587	172	759	829	192	1,021
Group	**27,174**	**3,135**	**30,309**	26,630	3,126	29,756

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.

Employee development programs implemented over the course of the reporting year are described in Chapter *B.5.3.2. Non-financial Group declaration – employee development and diversity.*

B.2.7 Innovation (research and development report)

Increasing efficiency and sustainability was 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. One focus, however, was on innovation development for the Group’s customers.

In the reporting year, Bilfinger implemented innovation projects with a total expense of €4.5 million (previous year: €5.8 million). They are distributed in roughly equal parts between the areas of digitalization and industrial projects of our customers.

RESEARCH AND DEVELOPMENT EXPENSES

	2022	2021
in € million		
Total expense	4.5	5.8
thereof digitalization	2.2	4.4
thereof industry	2.1	1.5
thereof other	0.1	-0.0

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. Automated purchasing processes for requisite plant parts, spare parts or services from subcontractors result in significantly improved efficiency in control and invoicing processes. A pilot project launched in the reporting year in the area of work order management should generate significant efficiency improvements in internal processes such as the recording, presentation, reporting and communication of work done. The system is now being introduced in several units of the Bilfinger Group. The goal is 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.

The use of drones, robots and other hardware solutions was also 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 thus simplify 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, 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 life cycle management.

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.

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.

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 our goals. The recognition of opportunities and risks is an integral part of the management processes in all of our units, both operational and administrative. 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 2023.

B.3.1 Risk management

B.3.1.1 Basic principles

The Group-wide risk management system at Bilfinger 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. It is an integral part of current company and business processes focused on achieving the goals of the company in the context of the strategy developed for the Group. The risk management process covers all activities for the systematic handling of risks in the Group.

B.3.1.2 Organization and responsibilities

All levels of the company are involved in our risk management, with roles and responsibilities clearly defined. The risk strategy for the Bilfinger Group is formulated 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 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.
- Possible combinations of significant individual risks are reviewed as to whether they represent an existential threat in total. This creates an informative overall picture of the risk profile.
- Risks from large projects and services contracts are subject to a special review, among others by *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 corporate departments *Internal Audit* and *Compliance*. 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 *Internal Audit*. The Bilfinger Group's responsibilities and tasks are clearly defined at these levels:

- First Line: Operational
  - Division / Region Heads (Executive President / Finance Director)
    Divisional / regional management is responsible for the functionality of the risk management system and its monitoring at divisional / regional levels and in the local units.
  - Division / Region Risk Officer
    In its entirety, specific responsibility for the operational implementation of the risk management process and for monitoring and identifying risks lies with the *Division / Region Risk Officer*. This function is normally performed by a division's / region's Finance Director.
  - Division / Region Risk Coordinator
    Division / Region Risk Coordinators consolidate the individual risks at divisional levels in the course of risk inventory.
  - Risk Owner
    Risk Owners are responsible for the identification, analysis and evaluation of individual risks. This also includes the evaluation and implementation of appropriate risk mitigation measures and the regular analysis and monitoring of the current situation regarding individual risks.
- Second Line: Functional supervision of headquarters
  - Bilfinger Risk Committee
    The *Bilfinger Risk Committee* generally meets every quarter on behalf of the Executive Board. Its members include the Chief Financial Officer (CFO), the Finance Directors of the divisions / regions, the *Group Risk Organization* and the heads of *Accounting, Compliance, Internal Audit, Internal Control Systems, Legal,* and *Treasury*. If necessary, the *Bilfinger Risk Committee* is supplemented with further experts from other specialist areas.

    The committee establishes plausibility for the risk reports quarterly and submits these to the Executive Board. It supports the design of a risk management system that is as pragmatic as possible, shares best-practice approaches and assumes responsibility for superordinate quality assurance of the quarterly risk report for significant Group risks. The Risk Committee also fulfills an important advisory function and contributes recommendations on the design of the risk management system.

- Group Risk Organization
  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. 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.

- Corporate Central Functions
  In consultation with the Executive Board, Corporate Central 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 at the divisions / regions and subsidiaries. Corporate Central Functions partially assume primary responsibility for risks or 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, *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.

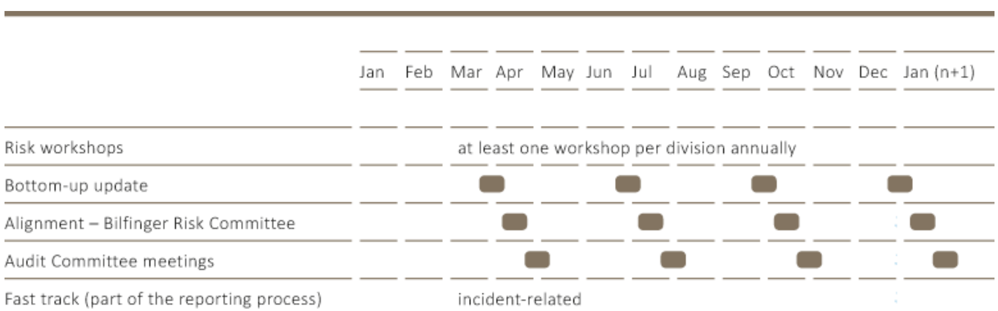
B.3.1.3 Enterprise risk management process

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 a quarterly basis using a top-down / bottom-up process established throughout the Group, which is an essential component of risk management at Bilfinger. The standard reporting process is supplemented by an incident-related process that makes it possible to escalate critical issues at an early stage. On the IT side, risk management is extensively supported by a special risk management tool. 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.

In order to achieve Group-internal transparency that is as comprehensive as possible, risk identification is conducted as part of an ongoing, institutionalized process:



The annual calendar calls for at least one risk workshop at division / regional level as well as a quarterly update of the risk portfolio. Directly following this, the *Bilfinger Risk Committee* convenes, performs quality assurance on the quarterly risk report and forwards it for processing 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

Fundamental risks are evaluated as part of the yearly Risk Assessment Workshops of 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 *effect* and *likelihood*.

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. At times, an additional monetary evaluation is made. However, this is assigned a subordinate value.

Should different risks potentially impact each other’s potential materialization, this will be taken into account in the risk evaluation.

Evaluation scale of impact

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	100-500
Critical	5	Group’s continued existence in jeopardy	> 500

Evaluation scale of likelihood within the next 12 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%

The assessment of the *impact* and *likelihood* 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

Additional measures to manage risks, where reasonable and necessary, are taken on the basis of risks that have been identified and evaluated. 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* reviews the appropriateness of the implemented control measures for the risks assigned to him, as well as 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 quarterly, 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. Regular and ad-hoc independent audits of the risk management system are also carried out by *Internal Audit*.

In addition, the independent external auditor 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

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 net assets and financial position as well as 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 *impact* and *likelihood*:

Risk title	Rank	Risk field	Evaluation Impact (1-5) Likelihood (1-5)
Risks from projects and framework agreements	1	operational	●● ●●●●
Lack of adequate personnel	2	operational	●● ●●●●
Adverse market developments	3	strategic	●● ●●●
Inflation risk	4	strategic	● ●●●●
IT-related risks	5	operational	● ●●●●
Serious HSEQ incident	6	operational	●● ●●
Growing challenges in invoicing and collection due to changed customer behavior	7	financial	● ●●●
Legal disputes and completed legacy projects	8	compliance	● ●●●
Business disruptions as a result of the Russia-Ukraine war	9	operational	● ●●
COVID-19 pandemic	10	operational	● ●

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.

Risks are monitored in accordance with COSO requirements. 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.

Apart from this general situation, the current and medium-term expectation with regard to the development of oil and gas prices and the impact of these prices on the spending behavior of customers in the oil and gas sector – despite a diversified range of services as well as the increasing expansion of our range of services to promote the energy turnaround – remains relevant for Bilfinger in view of the ongoing activities in the oil and gas sector. Increasing efforts to decarbonize operations can also tend to lead to a decline in demand in the oil and gas sector.

Development of the price of oil, its volatility in particular or even its longer-term decline, also remain a potential risk for these activities.

There is increased uncertainty in the markets due to the energy crisis in Europe that is the result of Russia’s attack on Ukraine. The potential of a gas shortage in Europe – one that cannot be compensated for – due to interrupted supplies of Russian natural gas could possibly lead to production cutbacks or even production stoppages on the part of our customers. Likewise, an overall economic recession resulting from the energy crisis in Europe cannot be ruled out, especially in countries with a high proportion of Russian natural gas, such as Germany or Austria. In addition, supply chain problems have been apparent throughout the world since the COVID-19 pandemic, and these continued in the past year. We anticipate that this situation in 2023 will improve somewhat compared with the previous year, although the situation will remain tense, particularly in the first half of the year.

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. Increases in raw material and energy costs for our customers in the chemical sector, a long-term increase in the price of oil and gas, for example, could also have negative effects on their spending behavior regarding investments and maintenance. The latter could then be partially offset by additional revenue in the oil and gas sector. 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. However, the start of the projects depends heavily on the duration of the approval processes or procedures for funding.

Inflationary trends currently being observed could potentially lead to a reluctance on the part of our customers to award projects, as economic viability may no longer be assured. This could lead to a reduction in growth at Bilfinger.

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, for example through the use of subcontractors and active productivity and capacity management. These measures enable us to respond quickly to macroeconomic changes. In general, Bilfinger's strategy targets a balanced distribution of the business among various industries and regions.

Overall, Bilfinger's assessment of the risk from future adverse market developments is unchanged compared with the previous reporting period and therefore remains within the range of possibility with a relevant impact.

Inflation risk

This year, we have seen double-digit inflation rates in some of our key markets resulting from supply bottlenecks, caused by faltering supply chains and sharp rises in energy and material prices, among other factors. For financial year 2023, compared with the European Central Bank's medium-term inflation target of 2 percent, we continue to anticipate increased inflation rates, although we expect these to decrease compared with 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, which would have an adverse effect on our performance and could therefore have a negative impact on our business activities.

We currently believe 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 continuously monitoring inflationary trends and – where necessary – renegotiating with customers and suppliers in order to pass on price increases accordingly.

Should our assumptions that we made regarding inflation rates in our major markets and global supply chain issues turn out to be incorrect in financial year 2023, and if there are further price increases for materials and energy that surpass our assumptions, this could have a negative impact on our business activities as well as on our financial position, net assets and results of operations.

Overall, we assess inflation-related risks as having an increased likelihood of occurrence with a simultaneously low impact.

B.3.2.2 Operational risks

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 significantly less exposure to this 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 results of operations, net assets and financial position of Bilfinger.

For some orders in the project area, including complex plant construction projects, Bilfinger also assumes technical guarantees. Such project contracts are typically concluded with the obligation to provide turnkey construction of the plant. 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 thus minimum requirements which a project must fulfill in order to be accepted by the responsible unit. Depending on the bid volume and specific risk categories, the corporate departments *Compliance, Legal* and *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, it is 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 partially 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. Service contracts above a certain volume must be subject to a regular review from *Corporate Project Audit* over the contract period.

Bilfinger evaluates the risk from project and framework agreement risks in their effect overall as relevant. On the basis of internal analyses, the likelihood of occurrence is currently assessed as increased, which corresponds to an unchanged estimate compared with the previous year. This is mainly due to project risks that occur and that cannot be completely avoided despite globally established project governance and standardized project management processes.

Lack of adequate personnel

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 and financial position 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.

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 and diversity*.

Overall, 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.

IT-related risks

Information 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 our information from abuse, manipulation, espionage or theft. This is a general trend in the business world and Bilfinger is by no means immune to it. The most serious risk in this regard is posed by hostile attacks on Bilfinger IT systems (cyberattacks). 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 information or even blackmailing to release data. The result can be significant system failures and disruptions to operational processes.

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 cyber security 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 ISO 27001 certification. 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 *Corporate IT* and regular audits by *Internal Audit*. As was the case in the reporting year, *Internal Audit* will continue to focus on IT security auditing in 2023.

Overall, Bilfinger classifies IT-related risks as having a low impact. In line with the general development of IT risks on the market, we evaluate the likelihood as increased, which corresponds to an increase of one level compared with the previous year.

Serious HSEQ (Health, Safety, Environment and Quality) incidents

As a service provider, we are almost exclusively active at the locations of our customers. In the execution of our work, we place the highest possible 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 to strictly comply with our customers' safety requirements. It is not possible, however, to prevent all events.

Failures in environmental protection or in occupational health and safety 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 earnings situation and financial position 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 quality standards. To ensure this development, our processes and units are externally audited and certified in accordance with the *ISO EN 9001, ISO EN 14001* and *ISO EN 45001* standards.

Lost-time accidents at Bilfinger are at an internationally leading level in our industry. Our global safety campaign *Line of Fire*, which raised awareness of the Bilfinger *Life Saving Rules* among our employees and managers, was also a contributing factor here. In the coming year, we will continue to focus intensively on work content as we continue this global safety campaign and help make ourselves even more successful.

Bilfinger's assessment of the HSEQ risk as one of the most significant Group risks is largely unchanged with a relevant effect on the earnings situation and a simultaneously lower likelihood of occurrence.

Details of HSEQ management at Bilfinger are described in the non-financial Group declaration in Chapters *B.5.3.1 Occupational health and safety* and *B.5.4.4 Quality management*.

Business disruption due to the Russia-Ukraine war

Russia's attack on Ukraine in February 2022 has led to increased uncertainty worldwide and continues to do so, with consequences for financial year 2023 that cannot yet be predicted with sufficient certainty because the impact is still not fully foreseeable. One of the consequences that the war has had on the global economy 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 means increased uncertainty for Bilfinger's business. 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. This could, for example, have a negative impact on demand for our services. 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.

We have suspended our operating business in Russia in response to the war and in the wake of the sanctions against Russia, and the phasing out of activities is currently being completed. Appropriate provisions have been recognized in the balance sheet for risk management purposes – beyond this, we do not expect any further significant negative effects as a result of the discontinuation of business in Russia.

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 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.

COVID-19 pandemic

In the reporting year 2022, there was no longer any significant impact on our business activities arising from COVID-19. While the emergence of new virus mutations continues to create a degree of uncertainty, we anticipate that the overall situation is under control and that there will no longer be widespread travel restrictions or quarantine mandates. We do not expect any severe negative economic effects in our target markets in the coming year. If, however, contrary to these expectations, there should again be significant distortions in business activity, this could well have a significant impact on the net assets, financial position and results of operations of the Group, particularly taking into account the loss of state compensation funds. Further uncertainty is created by the still somewhat restrictive COVID policy in China, which recently hampered the recovery of global supply chains and led to shortages and price increases for certain materials and raw materials.

Bilfinger will continue to monitor the situation closely and make every effort to mitigate possible negative effects for the Group. These include, in particular, agility measures and established, comprehensive occupational safety and hygiene concepts for our employees.

Bilfinger currently assumes a low impact with a continuing downward trend. We believe that the probability of occurrence is very limited.

B.3.2.3 Financial risks

Growing challenges in invoicing and collection due to changes in customer behavior

Bilfinger lists significant working capital positions on the balance sheet, particularly in the area of current and future customer requirements (services that have been provided but not yet invoiced). Furthermore, Bilfinger's business model involves substantial liabilities due to warranty and follow-up costs as well as significant advance payments, particularly from the project business. The involvement of suppliers and external staff that is typical of the business leads to substantial liabilities from trade receivables. This results in Bilfinger normally being in a net position for accounts receivable because the payment due dates for suppliers are often shorter than those of customers, mainly due to temporary staff. This results in an imbalance which typically widens during the year.

With a view to Bilfinger's growth plans, there is a risk that this imbalance continues to increase in the future and that there will arise both an increased need of financing and additional costs to finance this position. Moreover, an active management of working capital can also be identified on the customer side, for example, in the even more restrictive interpretation of requirements for milestones when billing. This can also lead to a further imbalance in relation to receivables and liabilities, with corresponding additional costs for financing.

The mitigation measures focus on a consistent local management of receivables and liabilities, which is formalized in the Group policy on minimum standards in working capital management, which is binding for all employees. This extends comprehensively to the *order-to-cash* (OtC) and *purchase-to-pay* (PtP) processes. In addition, the objective of the ongoing comprehensive process and system harmonization within the Group is to contribute to greater transparency with regard to improvement potential and an increased Group-wide exchange of best practices in working capital management.

Bilfinger's evaluation of the risk arising from growing challenges in invoicing and collection due to changes in customer behavior is with regard to the probability of occurrence within the range of possibility, while the impact is classified as low.

In addition to working capital, Bilfinger monitors other financial 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 by *Corporate Treasury*. All relevant equity interests and joint ventures are included in this monitoring.

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 entail a change in Bilfinger's creditworthiness, particularly from rating agencies and banks, which can lead to more difficult and expensive financing or a more difficult and expensive provision of securities and guarantees. External financing can also result in a worsening of the dynamic gearing ratio. Within the scope of the agreed financial covenant, it is ensured that this gearing ratio was met. Any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis and can thereby also lead to an unplanned loss of liquidity.

We counter this risk by centrally monitoring liquidity development and risks in the Group using an ongoing 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. Notwithstanding economically less relevant regions, the Group's internal equalization of liquidity in Europe and in the United States is supported by cross-border cash pooling.

Investment financing is carried out with consideration of matching maturities. To finance working capital, we have a €300 million pre-approved syndicated credit line at attractive conditions that is in place until December 2027. 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, 2022, 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 on a recourse basis.

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, we have a US 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.

In addition, Bilfinger has issued a €250 million bond maturing in June 2024 and several promissory note loans totaling €5.5 million maturing in October 2024.

For a presentation of the risks we refer to Chapter *C.6.30 Risks related to financial instruments, financial risk management and hedging transactions*. You will also find further information in Chapter *C.6.29 Additional information on financial instruments*.

B.3.2.4 Compliance risks (including legal risks)

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 from our provision of services. Controversies 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.

In connection with an explosion incident at a gas station in Austria in 2017, the public prosecutor is investigating a Bilfinger company and other involved parties and has now filed charges. The reason for the accident has not yet been determined. In the summer of 2019, an expert commissioned by the public prosecutor's office determined that the gas accident was due to technical defects in the plant for which the relevant Bilfinger company was responsible. Another court-appointed expert basically concurred with this view on causation in the report he submitted in summer 2021. Bilfinger has disputed these findings. The lower court sentenced the Bilfinger company and four of its employees to suspended sentences. Both the public prosecutor's office and the Bilfinger company as well as its employees have filed an appeal against this verdict. From today's perspective, we expect that in case of a civil law availment by injured parties, we would, if necessary, have sufficient insurance coverage.

In individual *projects in various countries*, clients, subcontractors, public authorities or consortium partners are asserting claims in the mid triple-digit million-euro range 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.

Bilfinger is also asserting claims against customers in various countries for payment of outstanding compensation claims in the 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.

Bilfinger continues to assess the risk from legal disputes and legacy projects to be consistently low with a probability of occurrence within the realm of possibility.

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 2022 did not change significantly as compared with the previous year.

The challenges associated with inflation and Russia's war of aggression against Ukraine continue to be issues that should not be underestimated, although Bilfinger does not currently expect any major setbacks. At the same time, it is becoming apparent in some units that risks in project execution can still have an impact as can an increasing scarcity of personnel resources. Overall, however, Bilfinger is convinced that the existing risks are sustainable for the Group as a result of the instruments put in place to manage them.

Beyond this, Bilfinger does not expect any significant negative impact from climate-related risks, such as climate change or the consequences thereof. Adaptation to climate change on the part of our customers is more of an opportunity from Bilfinger's perspective – see *B.3.5 Significant opportunities*.

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 an 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 risk management approach, 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 by Bilfinger's employees and management in the course of their daily processes and market observations. 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: Impact (1-5)	Evaluation: Likelihood (1-5)
Advantageous market developments	1	Strategic	●●	●●●
Growth opportunities in sustainability areas	2	Strategic	●●	●●●
Digitalization and business development	3	Operational	●●	●●
Positive outcomes of pending legal cases and lawsuits	4	Compliance	●	●●●
Effective project and contract execution	5	Operational	●	●●●
Optimization of personnel availability and costs	6	Operational	●	●●●
Value addition through pruchase and sale of businesses / M&A	7	Strategic	●	●●
Compliance and safety culture as a positive differentiation feature	8	Compliance	●	●●
Accelerated implementation of productivity measures	9	Operational	●●	●
Opportunities from tax matters	10	Financial	●	●

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 and the associated efforts to achieve greater independence from fossil fuels could possibly have a positive impact on demand for our services.

Bilfinger continues to assess additional opportunities in this area as relevant in terms of their impact compared with the previous year’s assessment. Due in particular to the increasing efforts to achieve greater independence from fossil fuels, we assess the likelihood of the occurrence of favorable market developments as within the realm of possibility, which is one level higher than the previous year’s assessment.

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 hydroelectric power and district heating, 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 life cycle 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 simultaneous possible likelihood of occurrence, which corresponds to an increase of one level in each case compared with the previous year's assessment.

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. 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). After one unit was sold in December, only one more unit remains in this group as of December 31, 2022, which is why the effect of the opportunity from this is considered low, with a simultaneous low likelihood of occurrence. Should it come to a sale with proceeds below the current carrying amount, this would even be associated with a corresponding disposal loss. At the same time, the proceeds from the sale of the preferred participation note in Apleona from 2021 and the current financial position, as communicated, allow for acquisitions in the amount of several hundred million euros. Should the purchase price be significantly lower than the value contribution of the asset, on a stand-alone basis or due to synergies, this could have a positive impact on our net assets, financial position and results of operations.

B.3.5.2 Operational opportunities

Digitalization and business development

The digitalization of processes in our customer industries is being driven forward with a high degree of commitment 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 domain 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)*. Our Global Development Organization reports directly to the Group's *Chief Executive Officer* and coordinates Group-wide business development programs related to both new products and an improved integration of services across organizational boundaries. Our innovation team was also organized under the *Global Development* organization. The objective is to more aggressively market Bilfinger's existing innovative products and to integrate them in the regions.

An accelerated customer demand for our services with digital support that goes beyond our underlying planning can, 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. The perspective of opportunities that go beyond planning in this regard includes relevant effects with a limited likelihood of occurrence.

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 underlying 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. Current measures to further optimize personnel availability include the development of new source markets and training at central training centers, thus creating additional opportunities. Generally speaking, however, the potential positive effects are considered to be low and thus unchanged compared with the previous year. The likelihood of occurrence also remains within the realm of possibility.

Accelerated implementation of productivity measures

The achievement of our medium-term margin goals depends on a substantial increase in productivity in all areas of the Group. To this end, Bilfinger has in recent years invested in systems, training and networks for continuous improvement. The Group also benefits from our internal *Global Excellence* Team, which is responsible Group-wide for the establishment and implementation of additional productivity-enhancing measures.

In addition, the Group has initiated an efficiency program intended to significantly streamline administration, in particular in the future. We expect the improvement measures that have been initiated to take effect and to contain relevant potential opportunities, but these have already been incorporated to a significant extent in our medium-term planning. Bilfinger continues to assess the probability of realizing relevant opportunities beyond this as very low. If the measures can be implemented more quickly or effectively, this would generate additional financial and earnings potentials for Bilfinger.

B.3.5.3 Financial opportunities

Opportunities from tax matters

In the Bilfinger Group there are substantial tax-loss carryforwards for which no deferred taxes have been capitalized because the consolidated tax group of Bilfinger SE is still in a loss-making situation in financial year 2022 and the current taxable income is negative. The main portions of these loss carryforwards are attributable to the domestic tax group of Bilfinger SE and the tax group of Bilfinger North America Inc. With an expected increase in profitability in the operating companies in these tax groups that is in line with planning, the use of non-capitalized loss carryforwards would improve the Group’s financial position and results of operations.

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 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 and financial position.

In addition, Bilfinger is asserting claims against customers in various countries for payment of outstanding compensation claims in a combined nearly three-digit million amount. 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 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 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. This trend opens up additional growth and earnings potential for us. The opportunity from this is still considered small in terms of its effect. This also applies to the probability of occurrence.

B.3.6 General assessment of the opportunities situation

Our current planning for 2023 and beyond already provides for an improvement in the Group's net assets, financial position and results of operations through the realization of possible opportunities, such as planned productivity increases, meaning that further opportunities beyond this planning tend to be limited.

In our view, Bilfinger's overall opportunity situation is roughly comparable with the previous year. Bilfinger delivers 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. Furthermore, the current liquidity situation and the capital allocation strategy that has been announced offer 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 internal control system consists of principles, procedures and measures to secure the effectiveness, efficiency, completeness and accuracy of the company's accounting 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 at the Bilfinger Group for both the companies included and for the consolidation is based on the *COSO* standard 2017.

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*. 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 System* (ICS).

- On the basis of the reports received from the external auditors and from *Internal Control System (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. Responsible persons for the ICS are determined at a Group, regional or division and company level. Their tasks include monitoring and reporting on the status of the ICS to the respective management, which has overall responsibility for the ICS, and supporting the implementation of further development of the system.

The effectiveness of the internal control system is reviewed by means of quarterly control reviews as well as active follow-up of remedial actions for controls that prove to be ineffective. The audits are carried out by the companies themselves. By means of regular training measures, it is ensured that all those involved in the internal control system have current and valid information available. 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. 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

The global economy is currently forecast to enter a phase of further decline. Inflation rates that remain high, turbulence in the energy markets and geopolitical risks are all having a negative impact. The chances of an economic recovery in Asia, on the other hand, have improved with the end of China's strict zero-COVID policy. Growth of less than 1 percent is only expected for North America in 2023 (DG ECFIN Forecast, p. 1). The main reasons for this development include the significant hike in interest rates, growing restraint on the part of American consumers and dwindling momentum in export markets. Europe, which has been especially hard hit by the energy crisis, is facing stagnation and, in accordance with forecasts at the turn of the year, Germany is expected to experience stagnation or a mild recession in 2023. This would represent a comparatively favorable response to the latest crisis situation compared with the sharp downturn in the 2020 pandemic or even the 2009 financial crisis. The return to a somewhat more optimistic outlook is due to the fact that reduced gas supplies in the winter did not result in a gas shortage. Mild temperatures, the rapid increase in gas imports from reliable supplier countries and high levels of savings in industry and the private sector all contributed to an improved gas supply. In addition, the noticeable decline in gas and oil prices from their highs last summer has led to a slight dampening of inflationary pressures. At the sector level, the outlook in the energy-intensive sectors has thus brightened again, even though permanently higher electricity and gas prices must be expected at the European sites. North American and European central banks are expected to continue their course of interest rate hikes in 2023 in order to contain the still high inflation and increased inflation expectations. The further development of international raw material prices is likely to depend heavily on the global economy. If expectations for the global economy continue to improve, oil prices could be expected to remain stable.

Engineering & Maintenance Europe

The European industrial services market will continue to be impacted in the coming year by this difficult economic environment and the particular energy dependency of the most important customer segment, chemical & petrochemical. Even before the crisis, high energy prices were a burden on Europe as a business location; this disadvantage has worsened despite recent declines in European gas prices. The consequence of all this is that especially energy-intensive production, for example in the area of gas-intensive inorganics, has become unprofitable in Europe, will be temporarily shut down temporarily and may also be subject to fundamental review (VCI Q3). The chemical sector in Europe is likely to face a further slight decline in production in 2023. The downturn is expected to be even more pronounced at particularly burdened sites in Germany (VCI Business Worldwide). This will not be without consequences for orders from this sector. These burdens are offset by a number of stabilizing factors resulting from the urgent efforts to achieve climate neutrality and increase efficiency and the growing appreciation of European security of supply. In addition, a continuing trend in the outsourcing of industrial services can be expected (Lün, p. 14). In 2023, moreover, business will continue to benefit from momentum generated by the need to adapt to a new energy mix without Russian gas. In this general context, industry estimates for Germany call for further growth in the services market in the coming years (Lün, p. 12). The shortage of skilled workers, however, is likely to develop into an even more serious obstacle to growth (Lün, p. 44).

One trend that will greatly boost the industrial services business as a partner to the process industry in the coming years is the industry's emerging comprehensive entry into green hydrogen. For service providers with a high level of technological expertise when it comes to the transport and application of gas in production, the approaching ramp-up of this new energy system offers substantial opportunities. The current energy crisis will serve as a transformation accelerator. With extensive funding from national and European levels, a large number of new hydrogen projects are already underway and even more are in the planning stage. The EU has announced the establishment of a European Bank for Hydrogen, which will use funding from the EU Innovation Fund to support projects in order to realize the EU goal of initially producing 10 million tons of green hydrogen in Europe by 2030 (GTAI Bank). Belgium, with its leading role as a European chemical hub, sharply raised its targets for expanding import infrastructure for green hydrogen at the port of Antwerp-Bruges following the start of the Ukraine war. Already by 2030, this capacity is expected to reach 20 terawatt hours per year (GTAI Belgium Hydrogen). In Germany, the National Hydrogen

Strategy adopted in 2020 was launched with an action plan that includes 38 measures. The objective here is to bolster the framework conditions for the production, transport and use of green hydrogen in industry by providing financial incentives and a regulatory framework. Infrastructure projects have been planned for Germany that are expected to result in 1,700 kilometers of hydrogen pipelines being put into operation as early as 2028. In the German government's decarbonization funding program, projects in the energy-intensive steel and chemical industries in particular are being supported (Federal Government Hydrogen).

In the years ahead, Switzerland's chemical industry will likely continue to benefit from its extraordinarily high level of productivity and innovative strength as well as from lower energy prices compared with Germany, Austria, Belgium and the Netherlands. An increasing burden here, however, could be caused by the failed negotiations on the framework agreement between Switzerland and the EU. Swiss companies now have limited access to the important Horizon Europe research program. Not only that, but the Swiss export industry faces growing bureaucratic costs in trade with the EU due to the threat of an increase in technical barriers to trade (Scienceindustries).

In Poland, high levels of investment continue to be made in the chemical and petrochemical sectors. The country's conflict with the EU over the rule of law, however, is jeopardizing the disbursement of up to €75 billion in funding from the European budget that has been promised to the country in the current EU financial period 2021-2027, which would play an essential role in the further modernization of transport and energy infrastructure (GTAI Poland Cohesion Policy).

Projections of future production volumes in the oil and gas industry in the United Kingdom and Norway have been raised in the wake of the energy crisis and the high price situation for oil and gas last year. After years of low exploration activity on the UK continental shelf, a reversal of this trend has been underway since 2021. Nonetheless, the volume of UK production fields reaching the end of their service life significantly exceeds new development, so total oil and gas production in petroleum equivalents is expected to decline between 2022 and 2025 (NSTA PEP). In contrast, production on the Norwegian shelf will expand by approximately 7 percent over the same period according to current forecasts (NP PF).

To do their part when it comes to reducing net emissions, European companies in the traditional oil industry are increasingly investing in wind energy and carbon capture and storage (CCS) projects. The very high cash flow of the last two years has also strengthened the ability to invest in this area. Norway, which has had experience with CCS methods since 1996, is considered a technology leader in this field and is investing heavily in CCS infrastructure. The Northern Lights project is currently being completed near Bergen and will be able to absorb CO_2 from European power plants and factories at a rate of almost 50 million tons per year from 2024 (Handelsblatt).

A significant market volume is developing in the UK production areas in terms of the decommissioning and dismantling of platforms, wells and pipelines because many fields are reaching the end of their economic viability. Industry currently estimates the necessary expenditure for decommissioning in the period from 2023 to 2028 at £33 billion (NSTA Decom).

Engineering & Maintenance International

The North American chemical & petrochemical industries will not be able to escape the negative impact of the economic downturn in 2023. In stark contrast to Europe, however, the U.S. chemical industry is expected to expand its production moderately in 2023 (VCI Business Worldwide). Continued strong capacity utilization combined with high levels of profitability will have a positive impact on demand for services relating to maintenance and repair. Structurally, the sector will benefit in the years ahead from abundant energy availability at internationally favorable prices. Especially for energy and gas-intensive products, North America will benefit from relocations in production from Europe and can therefore expect significant investments. As is the case in Europe, policymakers are promoting research, development and demonstration projects for green hydrogen. In 2022, the U.S. Department of Energy launched an US$8 billion program of subsidies to establish regional hydrogen centers (GTAI USA Chemistry).

High oil and gas prices and the sharp rise in demand from Europe due to the elimination of Russian exports are likely to lead to a further increase in production at the U.S. production fields. Following the strong increase in 2022, the U.S. Energy Information Administration expects crude oil production to expand by another 4.1 percent and gas production by 1.7 percent in 2023 (EIA). Further substantial investments will be made in LNG infrastructure in order meet the permanently increased demand from Europe and especially Germany in the wake of the Ukraine war. After a very strong 10 percent increase in liquefied natural gas production in 2022, strong levels of production will continue in 2023 with increases of over 5 percent (EIA). Not only is the LNG production capacity being expanded, but also the export infrastructure to meet the high demand from Europe. One example of this is the LNG export facility currently being built on the U.S. Gulf Coast with an investment of US$13 billion (GTAI USA Chemie).

The Gulf states, whose financial strength has been boosted by the high price of fossil fuels, will be able to press ahead with their efforts to diversify their economies and energy production in the coming years. The Gulf region, with its very abundant energy, is also benefiting from the declining attractiveness of Europe as a location for energy-intensive production facilities. Saudi Arabia plans to build solar and wind power plants with a capacity of nearly 60 gigawatts by 2030 as part of its National Renewable Energy Program (GTAI Saudi Arabia SWOT). The country would like to become the world's largest producer of green hydrogen and ammonia by expanding renewable energy.

Technologies

With the Russian war of aggression against Ukraine, the outlook for the availability of affordable natural gas in Europe as a bridge to a climate-neutral energy supply has deteriorated sharply. This development will not only accelerate the expansion of renewable energies in the coming years, but will also have a positive impact on the continued use of nuclear energy in Europe. Significant service life extensions, such as those being carried out in Belgium, will lead to increased maintenance expenditures. In Poland, the nuclear power program, estimated at €40 billion, is becoming more concrete after the Polish government chose a U.S. company to build one of the two planned reactors in the fall of 2022 (GTAI Poland Nuclear Power). With eight EU member states currently planning to build new nuclear power plants (BMK, DW) and major Western European countries such as France continuing to rely heavily on existing nuclear power plants, the nuclear maintenance and repair market in Europe will remain significant for the foreseeable future.

Germany is the only EU member state to phase out nuclear power in the situation as it currently stands. The market for the dismantling of nuclear facilities in Germany offers a stable and easily predictable development into the 2030s. Power plant operators have currently set aside provisions of a good €20 billion for dismantling projects, of which €1.6 billion to €2.0 billion will be budgeted annually for dismantling in the coming years. Not until 2034 will annual dismantling costs fall below €1 billion (German Parliament).

Energy prices play a comparatively minor role for the European biopharmaceutical industry, given its high value added. The sector will continue to benefit from the sustained breakthrough in innovative methods in the pandemic and from its innovative strength in the coming years. However, sales of mRNA vaccines will fall sharply from 2021/22 levels, unless there is an unexpected new worsening of the COVID-19 pandemic. Almost double-digit annual growth rates are expected independently of this for sales of new drugs in the fields of immunomodulators, the treatment of cancer and diseases of the central nervous system (Evaluate, p. 18). The political objective of a return to greater European autonomy in pharmaceutical production will also ensure good development for the European sites.

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B.4.2 Assumptions

COVID-19 pandemic

It is to be expected that the COVID-19 pandemic will not have a significant further negative impact on our business activities in the course of financial year 2023. More detailed information can be found in Chapter B.3 Opportunity and risk report as well as in Chapter C.6.15.1 Goodwill.

Russia-Ukraine war

As the global consequences of the Russia-Ukraine war are not yet fully foreseeable, the outlook is subject to heightened uncertainty. Our business activities in Ukraine are also impacted by the war. The broader consequences of the war for the global economy, in particular due to rising energy prices and instability in gas supplies, and therefore for Bilfinger's business activities, cannot yet be forecast with adequate certainty. The outlook assumes that there will be no significant disruptions in gas and energy supplies for the vast majority of our customers.

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 2023 is based on average exchange rates for 2022.

Inflation

Inflation rates in the mid to high single digits are expected in major markets for 2023. 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.

B.4.3 Expected business development in 2023

Based on the assumptions above, we expect business to develop as follows in financial year 2023:

OUTLOOK 2023	Actual financial year 2022	Outlook financial year 2023
Revenue *in € million*		
Engineering & Maintenance Europe	2,784.5	2,750 to 2,950
Engineering & Maintenance International	797.8	720 to 820
Technologies	592.0	600 to700
Reconciliation Group / other	137.7	150 to 200
Group	**4,312.0**	**4,300 to 4,600**
EBITA margin		
Engineering & Maintenance Europe	3.8%	5.0 to 5.4%
adjusted	*5.0%*	
Engineering & Maintenance International	-1.0%	1.0 to 3.0%
adjusted	*-0.7%*	
Technologies	1.4%	4.0 to 5.0%
adjusted	*3.0%*	
Reconciliation Group / other *(EBITA)*	-€29.3 million	-€20 to -€25 million
Group	**1.8%**	**3.8 to 4.1%**
adjusted	*3.2%*	
Free cash flow	**€135.9 million**	**€50 to €80 million**

Revenue

For 2023, the *Bilfinger Group* expects revenue of between €4,300 million and €4,600 million (2022: €4,312.0 million).

In the *Engineering & Maintenance Europe* segment, revenue (2022: €2,784.5 million) will continue to rise after a strong increase in the reporting year and will be in the range of €2,750 million to €2,950 million.

At *Engineering & Maintenance International*, revenue (2022: €797.8 million) is expected to total €720 million to €820 million following strong growth in the reporting year. We also continue to focus our U.S. business on long-term maintenance contracts.

At *Technologies*, the expectation is for revenue (2022: €592.0 million) of €600 million to €700 million on the basis of the good order backlog with projects for the pharma & biopharma industries and due to increasing revenue in the nuclear sector.

Reconciliation Group / other, which also includes the activities reported under *Other Operations*, is expected to generate revenue of between €150 million and €200 million (2022: €137.7 million).

Order backlog as of December 31, 2022, amounted to €3,225.8 million for the Group. We expect that most of this amount will translate into revenue in 2023.

EBITA / EBITA margin

The *profitability* of the Group is expected to increase to an EBITA margin of 3.8 percent to 4.1 percent (2022: 1.8 percent / adjusted for special items: 3.2 percent). This increase is mainly attributable to operational improvements and takes the initial positive effects from the efficiency program into account. This is reflected in all segments. No charges are expected from special items.

For *Engineering & Maintenance Europe*, we expect an EBITA margin of between 5.0 percent and 5.4 percent (2022: 3.8 percent / adjusted for special items: 5.1 percent). At *Engineering & Maintenance International* (2022: -1.0 percent / adjusted for special items: -0.7 percent), an EBITA margin of between 1.0 percent and 3.0 percent is expected, meaning that this segment will make a positive contribution to earnings. At *Technologies* (2022: 1.4 percent / adjusted for special items: 3.0 percent), the EBITA margin will likely improve to between 4.0 percent and 5.0 percent.

For the items summarized under *Reconciliation group / other* (2022: -€29.3 million), we anticipate EBITA of between -€20 million and -€25 million in 2023.

Net profit

Net profit (2022: €28.2 million / adjusted for special items: €81.8 million) is expected to be between €100 million and €120 million in fiscal 2023 based on the increased EBITA.

Return on capital employed

In 2023, we anticipate a return on capital after tax of between 8.0 percent and 9.0 percent (2022: 3.2 percent) due to a higher EBITA margin.

Free cash flow

Free cash flow is forecast to be between €50 million and €80 million in 2023 (2022: €135.9 million). The change is attributable to the cash outflows for implementing the efficiency program, which will amount to around €60 million in 2023, and net capital expenditure will return to a normal level.

Financing

We have a syndicated credit facility of €300 million available which is due in December 2027. 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 2023. We see continued strong demand in our customer segments and regions. Admittedly, inflation, a shortage of skilled workers and the fulfillment of sustainability targets continue to pose major challenges for the industry. At the same time, these factors are also creating significant opportunities for Bilfinger. We see ourselves as a driving force in the transformation of industry toward greater efficiency and sustainability.

We want to leverage the potential presented by market growth. One of the ways we intend to achieve this is through the standardization and bundling of products as well as increased innovations and digitalization. In this context, Bilfinger continues to focus on markets such as chemical & petrochemical, pharma & biopharma, energy as well as oil & gas. It is in these energy-intensive sectors that efficiency and sustainability are key factors for increasing profitability.

We also want to position ourselves much more clearly in the market with our business model. Efficiency and sustainability are more than mere service offerings for customers; they are also becoming key levers within Bilfinger itself. Additional opportunities are offered by the growth potential of the target markets on the one hand and by the expansion of the value chain from planning, new construction and modernization through to downstream maintenance on the other.

The newly launched internal efficiency program, which will generate annual savings of €55 million, will help Bilfinger achieve its strategic goals. The efficiency program focuses on creating a functional organization and leaner administration. Roughly 25 percent of the funds saved will be invested in employee training and development. With these additional funds, we will dedicate at least 0.5 percent of revenue per year to these efforts in the future.

In financial year 2023, we will work hard to press ahead with profitable growth in our business areas and in the 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 2022. 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 2022 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. Services also include digital applications.

Bilfinger delivers its services in the service lines Engineering & Maintenance as well as Technologies. Bilfinger is primarily active in the regions Europe, in North America and in the Middle East. Process industry customers come from the sectors chemicals & petrochemicals, energy, oil & gas, pharma & biopharma. At the end of financial year 2022, Bilfinger employed about 30,000 people and generated revenue of approximately €4.3 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 Corporate Treasury & Investor Relations under the responsibility of Executive Board member Matti Jäkel (Chief Financial Officer).

Members of *SustaiNet* include the heads of selected corporate departments and functional units whose areas of responsibility are related to sustainability issues (as well as managing directors of operational regional and divisional management teams).

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

To determine the main areas of action for our own conduct, we have for years regularly conducted materiality analyses in dialog with our Group's stakeholders. The resulting materiality matrix defines our Group's sustainability topics.

In 2020, *SustaiNet* conducted a new materiality analysis with the involvement of the Group's stakeholders. The results of the survey were reviewed in 2021 and again in 2022 by *SustaiNet* and the Executive Board. To review the content of our non-financial Group declaration, we looked at the sustainability action areas both in terms of their business relevance and in terms of their impact on the materiality of the economic, environmental and social consequences listed in the HGB. In the process, the costs and risks associated with these topics, the impact they have on our business and our surroundings were looked at, as was the degree to which we are able to influence each aspect.

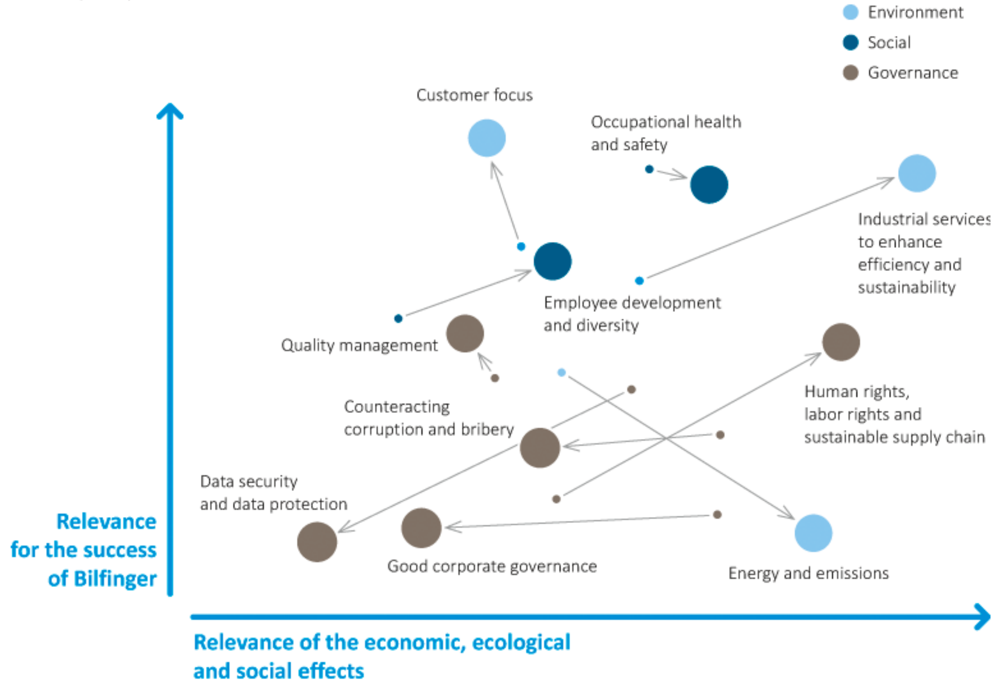
The main sustainability topics were reviewed and confirmed in comparison with the previous year. The ongoing dialog with the Group's stakeholders – including employees, customers, suppliers and representatives of the capital market and social institutions – has not resulted in any new subject areas, nor have any previously existing areas been classified as no longer material.

The review did, however, result in a relative shift in the relevant topics in terms of their positioning in the matrix:

- The importance of the service range for our customers in connection with the energy transition has increased in both dimensions.
- This also applies to the importance of respecting human rights.
- All customer and personnel-related factors are categorized with increased relevance for Bilfinger's success.
- The Group's energy consumption and emissions footprint has once again become more important for the Group's stakeholders.
- Good corporate governance and compliant behavior are seen as given, so the relative importance in both dimensions decreased.

The result of the materiality analysis 2022 is the current Bilfinger materiality matrix.

BILFINGER SE MATERIALITY MATRIX



In order to structure the content of the non-financial Group declaration, the main sustainability topics were assigned to the categories *Environment, Social* and *Governance* (ESG). In addition, we report the disclosures in accordance with the EU Taxonomy Regulation in the *Environment* category.

CHAPTERS OF THE NON-FINANCIAL GROUP DECLARATION

	Material topics	HGB / CSR-RUG *
E Environment	Energy and emissions	Environmental matters
	Industrial services to enhance efficiency and sustainability	Environmental matters
	Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation	Environmental matters
S Social	Occupational health and safety	Employee matters
	Employee development and diversity	Employee matters
G Governance	Good corporate governance	*Additional reported aspect*
	Counteracting corruption and bribery	Countering corruption and bribery
	Human rights, labor rights and sustainable supply chain	Respect for human rights and employee matters
	Quality management	*Additional reported aspect*
	Data security and data protection	*Additional reported aspect*

* CSR Guidelines Implementation Act

B.5.1.5 Sustainability targets of the Bilfinger Group

Bilfinger has further focused its sustainability targets in 2022 and set itself clear targets in each of the three sustainability categories: environment, social and governance. We support the United Nations Sustainable Development Goals (SDGs) No. *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 Target 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

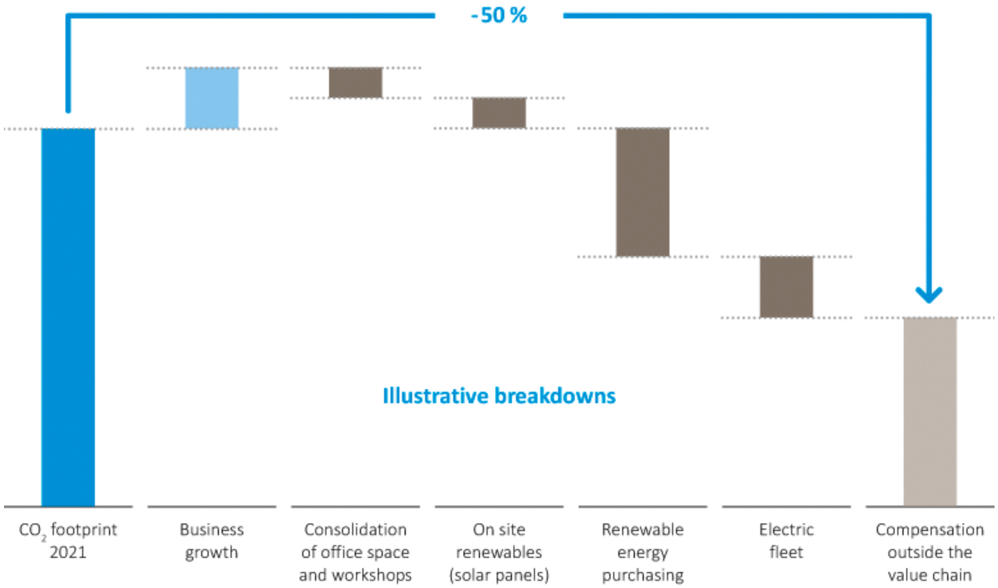
Bilfinger has set itself the target of becoming the leading partner for our customers when it comes to enhancing the efficiency and sustainability of their plants. Increasing awareness of climate change and the ensuing energy transition in many industrialized countries are generating substantial opportunities for Bilfinger to exert influence here. The chemical & petrochemical, energy, 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 energy sources and thus sustainably limit atmospheric pollution with harmful greenhouse gases.

Steps to reduce CO_2 emissions were initiated in financial year 2022. All regions and divisions of the Group have developed concepts to reduce their respective emissions and thus the emissions of the Group as a whole from 2023 onward in accordance with the GHG (Greenhouse Gas) Protocol Scope 1 and 2. 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 initiating 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*.

OUR ROADMAP FOR CO_2 SCOPE 1 AND 2 REDUCTION UNTIL 2030



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

In 2022, we developed a concept for the data collection of GHG Scope 3 emissions. It calls for all other categories in the upstream value chain to be successively added in 2023. Categories of the downstream value chain will follow in 2024.

Based on the survey of Scope 1 and 2 GHG emissions as well as the complete survey of Scope 3 GHG emissions from financial year 2024, we plan to submit Bilfinger's targeted reduction path of GHG emissions to limit global warming to a maximum of 1.5 degrees Celsius to the *Science-Based Targets Initiative* (SBTi) for review. The concept we developed in 2022 foresees the submission of the commitments for 2023 and the submission of the reduction plan to achieve the near-term targets by 2030 for GHG Scope 1 and 2 accordingly for 2025.

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. To this end, we are using a quarter of the savings generated by the efficiency program launched in 2022 in addition to the existing expenditures.

Governance

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

The *Declaration of Principles on Respect for Human Rights*, which took effect at Bilfinger in 2022, together with the Group's *Code of Conduct*, which has been in place for many years, 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 beginning in financial year 2023.

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. Corporate Accounting, Controlling & Tax is responsible for Bilfinger's Group-wide risk management system and conducted a survey of the Group's sustainability risks at the end of the 2022 financial year. In order to identify and assess these risks, the operating units and the heads of the corporate departments concerned were surveyed about them and they were assessed at the regular meeting of the Bilfinger Risk Committee (see Chapter *B.3.1 Risk management*). The assessment of risks was based on the probability of occurrence and the possible extent of damage.

Reportable risks on the relevant topics were not identified.

B.5.1.7 The Bilfinger Group's sustainability indicators

KEY FIGURES

	2022	2021
Environment		
Energy consumption		
Total energy consumption (MWh)[5]	220,838	217,099
Share of renewable energy sources in total energy consumption (%)	7	n.a.
Share of non-renewable energy sources in total energy consumption (%)	93	n.a.
CO_2e emissions in accordance with GHG Protocol		
CO_2e emissions Scope 1 (tCO_2e)[1,3,4]	35,643	35,608
CO_2e emissions Scope 2 location-based (tCO_2e)[1,2,4]	16,548	23,765
CO_2e emissions Scope 2 market-based (tCO_2e)[1,3,4]	14,047	n.a.
Total CO_2e emissions Scope 1 and Scope 2 location-based (tCO_2e)[2,4]	52,191	59,374
Total CO_2e emissions Scope 1 and Scope 2 market-based (tCO_2e)[3,4]	49,690	n.a.
CO_2e emissions Scope 3 from waste (tCO_2e)[1,4]	675	n.a.
CO_2e emissions in accordance with GHG Protocol – intensity indicators		
CO_2e intensity (location-based) in relation to total energy consumption (tCO_2e / MWh)[5]	0.24	0.27
CO_2e intensity (market-based) in relation to total energy consumption (tCO_2e / MWh)[5]	0.23	n.a.
CO_2e intensity (location-based) in relation to revenue (tCO_2e / € million)[6]	12.68	16.63
CO_2e intensity (market-based) in relation to revenue (tCO_2e / € million)[6]	12.08	n.a.
CO_2e intensity (location-based) in relation to number of employees (tCO_2e / FTE)[7]	1.77	2.07
CO_2e intensity (market-based) in relation to number of employees (tCO_2e / FTE)[7]	1.68	n.a.

Key figures Environment, continued >

< Key figures Environment, begin

KEY FIGURES

	2022	2021
Waste volume and type		
Amount of non-hazardous waste (kg)	5,043,546	n.a.
Amount of hazardous waste (kg)	185,240	n.a.
Amount of waste water (m^3)	108,283	n.a.
Waste treatment method		
Incineration (kg)	744,995	n.a.
Recovery (kg)[8]	3,661,268	n.a.
Landfill (kg)[9]	822,523	n.a.
Wastewater discharge indirectly to municipal and industrial wastewater treatment plants (m^3)	107,721	n.a.
Wastewater discharge directly to own treatment plant (m^3)	562	n.a.
Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation		
Revenue, taxonomy-eligible share (%)	7	2
Capital expenditures (capex), taxonomy-eligible share (%)	0.1	0.0

1 The calculation method is based on the GHG Protocol using the financial control approach. Scope 1 and Scope 2 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 Other Operations.

2 Scope 2 is calculated using the location-based method of the GHG Protocol's Scope 2 calculation guidance.

3 Scope 2 is calculated using the market-based method of the GHG Protocol's Scope 2 calculation guidance.

4 The CO_2 conversion factors for a large part of the calculations come from specialist database provider Ecoinvent. In addition, emission factors published by the UK Department for Environment, Food & Rural Affairs (DEFRA) were used. The Association of Issuing Bodies (AIB) data were used to determine the residual mix for the market-based calculation.

5 Energy consumption without the Other Operations segment

6 Revenue is Group revenue without the Other Operations segment.

7 Number of employees without the Other Operations segment.

8 The waste treatment method recovery includes recycling and composting.

9 Because landfill as a waste treatment method has the highest CO_2e factor, the non-hazardous waste quantities for which the waste treatment method could not be clearly determined were also added to this category.

KEY FIGURES

	2022	2021
Social		
Occupational safety		
Lost Time Injury Frequency (LTIF)[1]	0.26	0.21
Total Recordable Incident Frequency (TRIF)[2]	1.31	1.06
Fatalities[3]	1	1
Share of women		
Executive Board (%)	0	50
Management level 1 (%)	11	6
Management level 2 (%)	6	8
Governance		
Compliance		
Indications of compliance violations[4]	66	70
thereof indications of corruption and bribery	0	1
Investigations initiated	27	20
Disciplinary measures as a result of investigations	20	7
Persons trained in compliance issues		
E-learning module 'Anti-corruption & bribery'[5]	8,707	4,123
E-learning module 'Code of Conduct'[6]	4,282	8,427
On-site training module 'General Compliance Training'[7]	582	2,937
Quality management		
Operating companies with certified quality management systems in accordance with DIN EN ISO 9001	41	43
Data security and data protection		
Data protection incidents	16	4
thereof reportable data protection violations	1	1

Key figures Social / Governance, continued >

< Key figures Social / Governance, begin

KEY FIGURES

	2022	2021
Human rights		
Indications of violations against respect for human rights[8]	17	14
Investigations initiated	9	5
Disciplinary measures as a result of investigations	4	5

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.
5 2021: 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 requires increased compliance awareness. Abbreviated training is used for current employees.
2022: 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 does not require increased compliance awareness.
6 2021: 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. Abbreviated training is used for current employees.
2022: For all new hires with a PC workstation and access to the Bilfinger network, as well as for current employees whose job requires increased compliance awareness.
7 2021: For all employees whose work requires increased compliance awareness.
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.
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

Chapter *B.5.2.1 Energy and emissions* reports on the emissions generated by Bilfinger and the associated energy use within its own value chain.

The range of services to support the efficiency and sustainability at customer sites is presented in Chapter *B.5.2.2 Industrial services to enhance efficiency and sustainability*. This is in addition to Chapter *B.5.2.3 Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation*.

B.5.2.1 Energy and 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.

With our Mission Statement and our Code of Conduct, we clearly commit to responsibility for society and the environment. 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.

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

Concept

In the Bilfinger Group, energy consumption data is collected at the level of the operating units. 35 Group companies with 139 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.

With the introduction of new software in 2021 to record energy consumption and calculate the associated greenhouse gas emissions, we established a structured recording process and allowed for the internal reporting of energy consumption and emissions in accordance with the *Greenhouse Gas Protocol (GHG Protocol)*.

We disclose our climate-related activities through our participation in CDP.

Energy

Energy demand has the most significant direct impact on our greenhouse gas emissions, with the main share of energy requirements coming from our properties and the vehicle fleet.

We use energy from both renewable energy sources and non-renewable energy sources. This differentiation was included in the reporting in financial year 2022.

Energy consumption is reported here in accordance with the *Greenhouse Gas Protocol* for Scope 1 and Scope 2 emissions for the Group excluding the *Other Operations* segment.

In the case of non-calendar accounting – for example if the annual statement was not yet available – data for the 2022 figures were completed on the basis of the 2021 figures. In the case of flat-rate rentals, the average consumption value per square meter was calculated in line with similar locations.

ENERGY CONSUMPTION AND SHARE BY ENERGY SOURCE[1]

	2022	2021
Fuel consumption from coal and coal products (MWh)	0	n.a
Fuel consumption from crude oil and petroleum products (MWh)	125,083	n.a
Fuel consumption from natural gas (MWh)	20,810	n.a
Fuel consumption from other non-renewable sources (MWh)	312	n.a
Consumption from nuclear energy (MWh)	1,250	n.a
Consumption of electricity, heat, industrial process heat, steam and cooling from non-renewable sources (MWh)	57,453	n.a
Total non-renewable energy consumption (MWh)	**204,908**	n.a
Share of non-renewable sources in total energy consumption (%)	**93**	n.a
Fuel consumption from renewable sources[2]	0	n.a
Consumption of electricity, heat, steam and cooling from renewable sources (MWh)	15,765	n.a
Consumption of self-generated non-fuel renewable energy (MWh)	166	n.a
Total renewable energy consumption (MWh)	**15,931**	n.a
Share of renewable sources in total energy consumption (%)	**7**	n.a
Total energy consumption (MWh)	**220,838**	217,099

1 Based on direct and indirect energy consumption classified as relevant for Scope 1 and Scope 2 in accordance with the GHG Protocol.
2 Biomass, biogas, hydrogen from renewable energies, energy generation from non-fossil waste.

In the reporting year, we improved the reporting and are now in a position to detail the energy mix by different energy sources.

The Group's total energy consumption increased in financial year 2022 by 2 percent to 220,838 (previous year: 217,099) MWh.

For our business processes, we generate energy from renewable and, to a large extent, non-renewable energy sources. This includes, for example, natural gas used to generate heat in properties – or diesel, which is burned as fuel in vehicles. We also purchase energy from external suppliers from various sources and use it to generate electricity, heat, steam and cooling at our sites throughout the Group.

Emissions

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*. GHG emissions in Scope 1 amounted to 35,643 (previous year: 35,608) tCO_2e in the reporting year. For Scope 2, in addition to *location-based data*, *market-based* data were also collected in 2022 with the result that Scope 2 emissions were calculated in both variants. Emissions in Scope 2 location-based were 16,548 (previous year: 23,765) tCO_2e in 2022 and 14,047 tCO_2e when using the market-based calculation. Furthermore, in 2022, emissions in the GHG Scope 3 category *waste* were also calculated for the first time. In the reporting year, these amounted to 675 tCO_2e.

Scope 1 and Scope 2 emissions in accordance with GHG Protocol

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 takes into account all fully consolidated companies with the exception of those that are in the process of being sold (*Other Operations* segment).

Direct greenhouse gas emissions originate from sources that are owned or financially controlled by Bilfinger, including purchased in 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 generation 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

In reporting on indirect emissions (Scope 2), we distinguish between *market-based* and *location-based* methods, following the *GHG Protocol Scope 2 Guidance*. In the previous year, we reported Scope 2 emissions using the *location-based* method. This method uses emission factors as an average country value for the relevant sites. We use a database from the provider *Ecoinvent* for this purpose. The basis for the calculation is the value from 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*.

In financial year 2022, the additional determination using the *market-based* method was added. This approach takes into account the actual electricity mix of the respective utility.

Scope 1 emissions in 2022 were at the level of the previous year. The location-based value for Scope 2 decreased by 30 percent. The reduction is largely due to an improvement in measurement. Our business model means that we often operate on site at customer plants and also rent properties there. While the calculation of several Scope 2 emissions in 2021 was attributed to the heating type district heating, it turned out in the year under review that it is actually industrial process waste heat. Here, emissions generated by the production plant are attributed to the owner of the plant. Waste heat is generated as a by-product with emissions of almost zero. The smaller portion of the reduction is attributable to the lower number of properties.

The figure for Scope 2 emissions, which was also collected using the market-based methodology for the first time in 2022, amounted to 14,047 tCO_2e. This calculation takes into account the specific choice of a company's electricity tariffs. The market-based Scope 2 emissions figure was 15 percent below the location-based average figure in the reporting year.

Emissions in accordance with GHG Scope 3

In 2022, we developed a concept for the data collection of Scope 3 emissions in accordance with GHG. Due to the significantly greater complexity compared to Scope 1 and Scope 2, we provide for Scope 3 determination in three stages. In financial year 2022, the waste category was collected as the first Scope 3 relevant emission source in Bilfinger's upstream value chain. Our concept calls for all other categories in the upstream value chain to be successively added in 2023. Categories of the downstream value chain will follow in 2024.

Waste

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. In financial year 2022, the waste and wastewater category generated greenhouse gas emissions of 675 tCO_2e. Because these data were collected for the first time, a comparative figure for the previous year is not available.

WASTE AMOUNT AND TYPE

	2022	2021
Amount of non-hazardous waste (kg)	5,043,546	n.a.
Amount of hazardous waste (kg)	185,240	n.a.
Amount of wastewater (m^3)	108,283	n.a.

WASTE TREATMENT METHOD

	2022	2021
Incineration (kg)	744,995	n.a.
Recovery (kg)[1]	3,661,268	n.a.
Landfill (kg)[2]	822,523	n.a.
Wastewater discharge indirectly to municipal and industrial wastewater treatment plants (m^3)	107,721	n.a.
Wastewater discharge directly to own treatment plant (m^3)	562	n.a.

1 The waste treatment method recovery includes recycling and composting.

2 Because landfill as a waste treatment method has the highest CO_2e factor, the non-hazardous waste quantities for which the waste treatment method could not be clearly determined were also added to this category.

Total emissions in accordance with GHG Protocol

An overview of the total emissions by scope is shown in the following table. In the coming year, the other Scope 3 categories will be gradually added.

CO_2 EMISSIONS IN ACCORDANCE WITH THE GHG PROTOCOL

	2022	2021
Scope 1 emissions (tCO_2e)[1, 3]	35,643	35,608
Scope 2 location-based emissions (tCO_2e)[1, 2, 3]	16,548	23,765
Scope 2 market-based emissions (tCO_2e)[1, 4]	14,047	n.a.
Total Scope 1 and Scope 2 location-based[2, 4]	52,191	59,373
Total Scope 1 and Scope 2 market-based[3, 4]	49,690	n.a.
Scope 3 emissions from waste (tCO_2e)[1]	675	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 Scope 2 is calculated using the location-based method of the GHG Protocol's Scope 2 calculation guidance.

3 Scope 2 is calculated using the market-based method of the GHG Protocol's Scope 2 calculation guidance.

4 The CO_2 conversion factors for a large part of the calculations come from specialist database provider Ecoinvent. In addition, emission factors published by the UK Department for Environment, Food & Rural Affairs (DEFRA) were used. The Association of Issuing Bodies (AIB) data were used to determine the residual mix for market-based calculation.

Additionally, we 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. Compared with the figures for which a year-on-year comparison can be made, the intensity indicators show an overall positive development in the reporting year.

CO_2 EMISSIONS IN ACCORDANCE WITH THE GHG PROTOCOL – INTENSITY INDICATORS

	2022	2021
CO_2e intensity (location-based) in relation to total energy consumption (tCO_2e / MWh)[1]	0.24	0.27
CO_2e intensity (market-based) in relation to energy consumption (tCO_2e / MWh)[1]	0.23	n.a.
CO_2e intensity (location-based) in relation to revenue (tCO_2e / € million)[2]	12.68	16.63
CO_2e intensity (market-based) in relation to revenue (tCO_2e / € million)[2]	12.08	n.a.
CO_2e intensity (location-based) in relation to the number of employees (tCO_2e / number of employees)[3]	1.77	2.07
CO_2e intensity (market-based) in relation to the number of employees (tCO_2e / number of employees)[3]	1.68	n.a.

1 Energy consumption excluding the Other Operations segment.
2 Revenue is Group revenue excluding the Other Operations segment.
3 Number of employees excluding the Other Operations segment.

Reduction of GHG emissions and Science-Based Targets Initiative

Steps to reduce CO_2 emissions were initiated in financial year 2022. All regions and divisions of the Group have developed concepts to reduce their respective emissions and thus the emissions of the Group as a whole from 2023 onward in accordance with GHG Scope 1 and 2. The combination of various measures for the next few years includes a shift in purchased electricity to renewable sources, gradually replacing the passenger vehicle fleet with electric vehicles as well as installing photovoltaic systems and initiating energy efficiency initiatives at our sites. In terms of GHG Scope 1 and 2 greenhouse gas 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.

Based on the survey of Scope 1 and Scope 2 emissions as well as the complete survey of Scope 3 emissions beginning in financial year 2024, we plan to submit Bilfinger's targeted reduction path of GHG emissions to limit global warming to a maximum of 1.5 degrees Celsius to the Science-Based Targets Initiative (SBTi) for review. The concept we developed in 2022 foresees the submission of the commitments for 2023 and the submission of the reduction plan to achieve the near term targets by 2030 for Scope 1 and Scope 2 emissions accordingly for 2025.

The broader reduction concepts for Scope 3 emissions will be developed based on the data collection for this category.

B.5.2.2 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-added processes as a strategic partner.

We pay particular attention to the quality of our services and to delivering a range of products and services that is consistently aligned with the needs of our customers. The aspect of *customer focus* is thus directly related to our central strategic target of enhancing the efficiency and sustainability of our customers' plants through our work.

A *Group Executive Management (GEM)* was set up in the financial year in order to more closely link the exchange between the Executive Board and the operating units with direct customer contact. The composition and duties of this committee are described in Chapter *B.5.4.1 Good corporate governance*. Close contact between the Executive Board and the managers with operational responsibility in *Group Executive Management* brings operations even closer to the Executive Board and further improves the alignment of Board decisions with customer requirements.

Concept

Increasing awareness of climate change and the ensuing energy transition in many industrialized countries are opening up attractive market opportunities 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 chemical & petrochemical, energy, pharma & biopharma and oil & gas industries are the Bilfinger Group's largest customer groups. As a result of socially and politically mandated energy transition and climate protection measures in all key stages of the value chain, these industries are all facing fundamental innovative leaps. They 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.

Bilfinger's focus in this regard includes areas of activity in which the company is already established, including nuclear power, hydropower and district heating networks. There are also areas of growing strategic importance such as the production, transport and storage of hydrogen, carbon capture and storage and battery production. With its portfolio of services, the Group is 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.

Bilfinger's portfolio brings together services that contribute to increased efficiency and sustainability in various customer segments. This contribution significantly deviates from the specifications of environmentally sustainable activities as defined by Regulation (EU) 2020/852 Taxonomy Regulation *(EU Taxonomy Regulation)*, which is explained elsewhere.

Customer segments

The services described below in the Group's *customer segments* represent an excerpt from the broad range of industrial services with which Bilfinger improves the efficiency and sustainability of its customers' plants:

Hydrogen

Bilfinger's objective is to make a contribution to the increased use of hydrogen as part of a climate-friendly energy value chain. Here, the Group can apply the expertise it has established over the course of many years in the field of gas treatment for the utilization and transport of hydrogen along the entire value chain.

In hydrogen production projects, Bilfinger acts as an independent system integrator. The existing engineering, prefabrication and installation competencies have already been proven in a number of projects.

In the transport and storage of hydrogen, Bilfinger mainly supports the expansion or conversion of existing gas infrastructure. Bilfinger's experience and capabilities in the field of gas treatment – including in gas drying – position it as a competent partner for technology companies.

Carbon capture and storage

Carbon capture and storage (CCS) is a technology that will play a key role in achieving the goal of climate-neutral industrial production in the years ahead. By capturing CO_2 emissions as they are generated and then processing or storing them, the volume of environmentally harmful greenhouse gas emissions can be significantly reduced.

With its expertise, Bilfinger delivers development and support for all aspects of CCS-related technology. This includes the separation of CO_2 emissions, their purification, compression and liquefaction as well as their storage and transport. Bilfinger prepares feasibility and environmental impact studies as well as safety concepts while also managing approval processes. The company supports construction of plants through engineering, project management and the procurement, manufacture and assembly of required components.

Nuclear power

In a growing number of countries in Europe – currently mainly the United Kingdom, France and Finland – nuclear power is considered part of the national climate protection strategy. These countries are counting on modern nuclear power plants to achieve their targets for reducing CO_2 emissions with a high degree of energy availability. Bilfinger is well positioned in these markets as a partner for substantial portions of the life cycle of nuclear power plants.

Hydroelectric power

Of regional importance, particularly in the Alpine countries, are Bilfinger's activities in the generation and storage of energy generated by hydroelectric power. In addition to projects in hydraulic steel engineering for river power plants, Bilfinger also focuses on the assembly of turbines and valves as well as the design and construction of pressure piping systems for pumped-storage power plants. Here the company can offer its customers a complete package from a single source including engineering and manufacturing, assembly and commissioning.

Battery production

The dynamic growth market of battery production is driven by the trend toward a sustainable reduction of CO_2 emissions. Business opportunities for Bilfinger can be found in the engineering and construction of plants for the processing of required raw materials as well as plants for the demanding chemical production of precursor materials for batteries.

District heating and waste heat

Optimizing municipal supply networks is a key component when it comes to more efficient energy use. Bilfinger has many years of experience in this area, particularly in German-speaking regions. District heating networks in particular offer the possibility of taking waste heat – from industrial processes, for example – and transferring it to different locations for use. But networks based on the same principle can also be used for decentralized cooling, potentially leading to a considerable reduction in energy consumption and emissions.

Products

Alongside its focus on these *customer segments*, Bilfinger also delivers a comprehensive range of products that help enhance efficiency and sustainability to customers in the chemical & petrochemical, pharma & biopharma, oil & gas as well as energy sectors. Measures to increase the energy efficiency of existing plants, for example, can have a significant impact on the reduction of energy consumption and emissions. Despite significant new investment projects in the use of renewable energy sources, CO_2 emissions will continue to be largely determined by existing industrial plants in the years to come. These must be optimized and modernized to reduce energy consumption and emissions while maintaining the same capacity utilization.

Measures that can be executed within the framework of the existing infrastructure include, for example, improved thermal insulation. These services are an important part of the Group's portfolio. A certified analysis method also used by Bilfinger – *Thermal Insulation Performance (TIP) Check* – can provide information on energy and heat losses through poorly insulated components and thus help to place optimally insulating materials where they are needed.

A more complex energy efficiency method used by Bilfinger is the so-called *pinch analysis*. It evaluates the cold and heat flows of a process and, in addition to an evaluation of the current situation, also provides a theoretically ideal system status. Based on this ideal situation, Bilfinger then develops an individual energy efficiency concept and proposes modifications to the plant that optimize combined heat and power.

Revenue from industrial services to enhance efficiency and sustainability

The basis for measuring revenue in the *customer segments* mentioned above and with *products* for enhancing efficiency and sustainability is a detailed recording of customer contracts by plant type and trade.

Total revenue from these activities in the reporting year amounted to €713.0 million (previous year: around €500 million). The increase is attributable on the one hand to significantly higher revenue, and on the other hand to an improvement in the quality of data collection compared with the previous year.

Revenues in the customer segments mentioned above, which are attributable to the shift from fossil fuels to alternative energy sources and thus contribute to more sustainable business activities, totaled €445.4 million (previous year: around €220 million). The largest revenue volumes were in the areas of nuclear energy with €147.4 million (previous year: around €100 million), district heating and waste heat with €75.8 million (previous year: around €5 million), battery production with €68.4 million (previous year: around €45 million), hydropower with €39.7 million (previous year: around €25 million), waste recycling and wastewater treatment with €27.5 million (previous year: around €4 million) as well as hydrogen (production and transport) with €22.0 million (previous year: around €5 million).

This is on top of activities for the maintenance and modernization of existing plants with the aim of achieving more energy-efficient and lower-emission plant utilization at the same level of capacity utilization. These generated revenue of €267.6 million (previous year: around €250 million). The largest share in this context is accounted for by optimizing the temperature insulation of industrial plants.

The partially still low volume of revenue is due to the early stage of implementation of the respective projects in the course of the energy transition. Here Bilfinger has set itself the goal of leveraging the corresponding existing growth potential.

5.2.3 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 redirect 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.

Below we present the share of our consolidated revenue, capital expenditures (capex) and operating expenditures (opex) for the 2022 reporting period that is associated with Taxonomy-eligible as well as Taxonomy-aligned economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Article 8 of the Taxonomy Regulation.

A Taxonomy-eligible economic activity is an economic activity described in the Delegated Acts that complement the EU Taxonomy Regulation, i.e. the Delegated Act on climate-related environmental objectives, taking into account the complementary Delegated Act on nuclear power and natural gas, regardless of whether that economic activity meets some or all of the technical assessment criteria set out in those 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.

In the reporting year, it was examined for the first time whether the respective Taxonomy-eligible activities are Taxonomy-aligned. 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 adverse effects on 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 for the reporting year 2022 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 of the EU Taxonomy Regulation. When classifying economic activities to the activities mentioned in the Delegated Acts on Climate Targets, particular attention was paid to the activity description in the Delegated Act. As an additional aid to interpretation, the relevant technical screening criteria were also considered. If these are not applicable to the economic activity of the Bilfinger Group, then such activities were not identified as Taxonomy-eligible. This relates, for example, to the classification of insulation work on pipelines and industrial plants, which was not recorded as Taxonomy-eligible because the technical assessment criteria of *activity 7.3. Installation, maintenance and repair of energy-efficiency equipment* only cover the insulation of buildings in the strict sense. For all contracts with revenue in reporting year 2022 that were classified as Taxonomy-eligible, a Taxonomy alignment review of the underlying activity was performed. For this purpose, an assessment of the criteria on the substantial contribution to an environmental goal as well as the non-violation of the other environmental goals was conducted for each contract in question. The so-called EU Taxonomy Compass, which is provided by the EU Commission, served as the basis for the assessment.

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 regard to the procedures in place for upholding human rights, the Bilfinger Group has implemented a multi-stage due diligence process which, within the framework of the Compliance Management System in accordance with the so-called prevent-detect-respond model, ensures that risk-based measures to minimize human rights risks in business processes are established, monitored and modified as necessary. 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*. This declaration, which is binding for all employees of the Bilfinger Group and, like the Group's Code of Conduct, represents an overarching governance document, explains all measures taken to safeguard compliance with human rights. This also applies to what we expect from suppliers in the supply chain with regard to the implementation of appropriate measures.

Guide *Step 2* is implemented by Bilfinger through the annually recurring and event-related risk analysis, which serves as a basis for the development and implementation of measures. During the risk analysis, we identify various factors such as corporate structure, procurement structures or the type and scope of business activities to determine whether and to what extent human rights and environmental risks could lead to any damage to protected legal positions as a result of our own business activities and / or business relationships with suppliers. Potential risks are then counteracted with appropriate preventive measures. Remedial measures are implemented for actual risks – this is how Bilfinger implements Guide Step 3. The corporate function Compliance together with other departments such as Corporate Internal Audit monitor the implementation of mitigating measures (see Guide Step 4). With regard to the communication – both internally and externally – 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 Bilfinger Statement of Principles on Human Rights. This obligation has been in place since January 1, 2023. We have already reported on this process in the non-financial Group declaration and in the Bilfinger Code of Conduct.

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. Training courses which address all the risks of our business activities relating to competition law 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 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. Any infringement is strictly forbidden. In this context, tax governance and tax compliance are key elements of corporate management and supervision. 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 2022, 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.

EU Taxonomy-eligible and Taxonomy-aligned revenue

Bilfinger's Taxonomy-eligible economic activities contribute to the first environmental objective, climate change mitigation. The relevant technical screening criteria are listed in Annex I of the Delegated Act on the climate-related objectives.

Total revenue of €4,312.0 million (previous year: €3,737.4 million) corresponds to the revenue in the consolidated income statement. Total revenue from Taxonomy-eligible economic activities in the reporting year amounted to €267 million (previous year: €67 million). This corresponds to a share of total revenue of 6 percent (previous year: 2 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. Revenue from Taxonomy-aligned economic activities in the reporting year amounted to €0 million. The share of revenue from Taxonomy-aligned economic activities in total revenue is 0 percent and 0 percent of revenue from Taxonomy-eligible activities.

The economic activities of the Bilfinger Group as an industrial services provider in the process industry are largely not covered by the Delegated Acts on Climate Targets in the EU Taxonomy Regulation. They 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.

In the activities in the area of cogeneration of heat/cool and power with bioenergy, revenue in the reporting year was less than €0.1 million. For this reason, revenue of €0 million is reported for this activity.

PROPORTION OF REVENUE FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2022

				Substantial contribution criteria						DNSH criteria 'Do No Significant Harm'										
Economic activities (1)	Code(s) (2)	Absolute revenue (3)	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of revenue 2022 (18)	Taxonomy-aligned proportion of revenue 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		€ million	%	%	%	%	%	%	%	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**	**-**	**-**	**-**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of renewable energy technologies	3.1.	2.2	0.1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Manufacture of equipment for the production and use of hydrogen	3.2.	2.2	0.1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Manufacture of batteries	3.4.	0.3	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Manufacture of other low-carbon technologies	3.6.	1.9	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Electricity generation from hydropower	4.5.	31.1	0.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Storage of electricity	4.10.	0.1	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Storage of hydrogen	4.12.	0.8	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transmission and distribution networks for renewable and low-carbon gases	4.14.	1.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District heating / cooling distribution	4.15.	36.5	0.8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cogeneration of heat / cool and power with bioenergy	4.20.	0.0	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	4.27.	74.1	1.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
High-efficiency cogeneration with fossil gaseous fuels	4.30.	3.7	0.1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Construction, extension and operation of water collection, treatment and supply systems	5.1.	1.3	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Material recovery from non-hazardous waste	5.9.	0.3	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Proportion of revenue, continued >

< Proportion of revenue, begin

PROPORTION OF REVENUE FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2022

				Substantial contribution criteria						DNSH criteria 'Do No Significant Harm'										
Economic activities (1)	Code(s) (2)	Absolute revenue (3)	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of revenue 2022 (18)	Taxonomy-aligned proportion of revenue 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		€ million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Transport of CO_2	5.11.	1.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure for personal mobility, cycle logistics	6.13.	1.7	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure for rail transport	6.14.	21.0	0.5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Construction of new buildings	7.1.	11.7	0.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Renovation of existing buildings	7.2.	55.0	1.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Installation, maintenance and repair of energy-efficiency equipment	7.3.	17.8	0.4	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Professional services related to the energy performance of buildings	9.3.	3.1	0.1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revenue of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**267.1**	6.2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total (A.1 + A.2)		**267.1**	6.2	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0	–	–	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Revenue of Taxonomy-non-eligible activities (B)		**4,045**	**93.8**																	
Total (A+B)		**4,312**	**100**																	

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 €31 million (prior year: €24 million) 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 Austria. 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 would qualify as Taxonomy-aligned with regard to the substantial contribution to climate change mitigation.

4.15 District heating / cooling distribution

In the reporting year, Bilfinger generated €37 million or 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. For classification as a Taxonomy-aligned activity, evidence of environmental impact assessments and climate risk analyses performed, for example, is required. In general, these are prepared or obtained by other parties, such as the plant operators. In the reporting year, Bilfinger, in its function as contracted service provider, did not have access to such documentation and therefore reports revenue from this activity as Taxonomy-eligible but not Taxonomy-aligned.

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 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 €74 million (2 percent of total revenue). The description of Activity 4.27 includes the criteria 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 permit for the Hinkley Point C power plant was 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.

For the activities within the scope of the new construction of the Finnish nuclear power plant Olkiluoto-3 (OL3), the above-mentioned criterion of being located in an EU member state is met. The additional criteria for Taxonomy alignment of the new power plant construction were audited reviewed by the Finnish power plant operator Teollisuuden Voima Oyj (TVO) and Taxonomy alignment was declared in their Annual Report 2022. However, this reporting was not subject to an audit from an auditing firm. It was therefore not possible to provide sufficient evidence of EU Taxonomy alignment for Bilfinger's activities in connection with the construction of the new OL3 nuclear power plant.

6.14 Infrastructure for rail transport

Bilfinger generated €21 million or 0.5 percent of Group revenue in reporting year 2022 from activities in the construction of rail transport infrastructure, primarily in the Engineering & Maintenance International segment with a focus on the U.S. Bilfinger is working in this area, for example, on barrier-free access to train stations and platforms. It was not possible to provide evidence of Taxonomy alignment for financial year 2022, because the required evidence mainly relates to European guidelines whose compatibility with U.S. guidelines has not yet been adequately clarified.

7.1 Construction of new buildings

The Taxonomy-eligible activities in the construction of new buildings were mainly performed in the Engineering & Maintenance International segment in the U.S. in the reporting year. In 2022, €12 million in Taxonomy-eligible revenue (0.3 percent of consolidated revenue) was generated from the construction of new buildings. It was not possible to prove the Taxonomy alignment of this activity, since, for example, the DNSH criteria for pollution prevention and control refer to European directives. Compatibility with U.S. guidelines could not be sufficiently clarified in the reporting year.

7.2 Renovation of existing buildings

In the reporting year, Bilfinger generated €55 million or 1 percent of Group revenue from building renovations, in particular in the Engineering & Maintenance International segment in North America. Here, Bilfinger is particularly active in the construction of buildings and their preparation.

Among other things, proof of a significant contribution to climate change mitigation, which relates to the implementation of an EU directive, could not be provided for the U.S. activities.

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 €18 million in Taxonomy-eligible revenue (0.4 percent of Group revenue). This revenue was generated in the Engineering & Maintenance Europe and Engineering & Maintenance International reporting segments. Examples of this activity include the installation of district heating as well as heating, ventilation, and air conditioning (HVAC) and the replacement of windows and insulation on buildings. This business activity is not reported as Taxonomy-aligned in the reporting year 2022. Revenue from the Engineering & Maintenance International reporting segment was generated in North America. The alignment of the regulations there with the implementation of the EU regulations, which are the target of the technical screening criteria here, was not sufficiently clarified in the reporting year. For the most part, this problem does not exist in the Engineering & Maintenance Europe reporting segment.

In addition, a climate risk and vulnerability assessment as well as the fulfillment of various European regulations for the prevention of pollution must be demonstrated. Given the fact that Bilfinger is mainly involved in the installation, maintenance and repair of customer equipment, there are no significant climate risks for Group activities in this area. With regard to compliance with European regulations on the prevention of pollution for activities within the European Union, it was not possible for Bilfinger to provide documentation within the framework of the EU Taxonomy in 2022. The company will endeavor to do so in the coming reporting years.

EU 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 rights of use from leases (see Chapter *C.6.17 Leases*), and amounts to €103 million in the reporting year. The numerator of Taxonomy-eligible capex was determined as follows: Investments in assets or processes related to Bilfinger's Taxonomy-eligible economic activity were estimated. For this purpose, these capital expenditures were deducted from the total capex that itself originated from Taxonomy-eligible activity. In the reporting year, investments in land and buildings, solar installations, vehicles and electric charging points amounting to €41 million were deducted. The remaining capex of €62 million was multiplied by the Taxonomy-eligible revenue share of 6 percent. This part of the capital expenditure is allocated to the Taxonomy-eligible economic activities using the respective shares of revenue. Capex for Taxonomy-eligible business activities allocated in this way amounted to €4 million in the reporting year. Capex plans for the expansion of Taxonomy-eligible activities or for the conversion of Taxonomy-eligible activities into Taxonomy-aligned activities were not made in the reporting year. Capital expenditures in assets and processes derived from Taxonomy-eligible economic activities are the third component of Taxonomy-eligible capital expenditures. They include the above-mentioned investments in land and buildings (activity 7.1), solar installations (activity 4.1), vehicles (activity 3.3) and electric charging points (activity 6.15) amounting to €41 million. The total of both components constitutes the EU Taxonomy-eligible capex of €45 million, or 44 percent of total capital expenditures of €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 €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. Investments in production from Taxonomy-aligned economic activity 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 2022

				Substantial contribution criteria						DNSH criteria 'Do No Significant Harm'										
Economic activities (1)	Code(s) (2)	Absolute Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of Capex 2022 (18)	Taxonomy-aligned proportion of Capex 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		€ million	%	%	%	%	%	%	%	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)																				
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	**0.0**	**0.0**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.0**	-	-	-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of renewable energy technologies	3.1.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture of equipment for the production and use of hydrogen	3.2.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture of low carbon technologies for transport	3.3.	16.4	16.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture of batteries	3.4.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture of other low-carbon technologies	3.6.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity generation using solar photovoltaic technology	4.1.	0.6	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity generation from hydropower	4.5.	0.5	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage of electricity	4.10.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage of hydrogen	4.12.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission and distribution networks for renewable and low-carbon gases	4.14.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District heating / cooling distribution	4.15.	0.5	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cogeneration of heat / cool and power from bioenergy	4.20.	0.0	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	4.27.	1.1	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
High-efficiency cogeneration with fossil gaseous fuels	4.30.	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Proportion of Capex, continued >

< Proportion of Capex, begin

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2022

				Substantial contribution criteria						DNSH criteria 'Do No Significant Harm'										
Economic activities (1)	Code(s) (2)	Absolute Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of Capex 2022 (18)	Taxonomy-aligned proportion of Capex 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		€ million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Construction, extension and operation of water collection, treatment and supply systems	5.1.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Material recovery from non-hazardous waste	5.9.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport of CO_2	5.11.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure for personal mobility, cycle logistics	6.13.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure for rail transport	6.14.	0.3	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure enabling low-carbon road transport and public transport	6.15.	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction of new buildings	7.1.	24.1	23.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Renovation of existing buildings	7.2.	0.8	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installation, maintenance and repair of energy-efficiency equipment	7.3.	0.3	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional services related to the energy performance of buildings	9.3.	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**44.8**	**43.6**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A.1 + A.2)		**44.8**	**43.6**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.0**	-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities (B)		**57.9**	**56.4**																	
Total (A+B)		**102.7**	**100**																	

EU 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 13.7 percent (previous year: 13.8 percent). Operating expenses (opex) 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 €127.3 million (previous year: €105.2 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) in each case.

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2022

				Substantial contribution criteria						DNSH criteria 'Do No Significant Harm'										
Economic activities (1)	Code(s) (2)	Absolute opex (3)	Proportion of opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of opex 2022 (18)	Taxonomy-aligned proportion of opex 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		€ million	%	%	%	%	%	%	%	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)																				
<u>Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)</u>	**-**	**0.0**	**0.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.0**	**-**	**-**	**-**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of renewable energy technologies	3.1.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Manufacture of equipment for the production and use of hydrogen	3.2.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Manufacture of batteries	3.4.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Manufacture of other low-carbon technologies	3.6.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Electricity generation from hydropower	4.5.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Storage of electricity	4.10.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Storage of hydrogen	4.12.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transmission and distribution networks for renewable and low-carbon gases	4.14.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District heating / cooling distribution	4.15.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cogeneration of heat / cool and power from bioenergy	4.20.	0.0	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	4.27.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
High-efficiency cogeneration with fossil gaseous fuels	4.30.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Proportion of Opex, continued >

< Proportion of Opex, begin

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2022

				Substantial contribution criteria						DNSH criteria 'Do No Significant Harm'										
Economic activities (1)	Code(s) (2)	Absolute opex (3)	Proportion of opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of opex 2022 (18)	Taxonomy-aligned proportion of opex 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		€ million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Construction, extension and operation of water collection, treatment and supply systems	5.1.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Material recovery from non-hazardous waste	5.9.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transport of CO_2	5.11.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure for personal mobility, cycle logistics	6.13.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure for rail transport	6.14.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Construction of new buildings	7.1.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Renovation of existing buildings	7.2.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Installation, maintenance and repair of energy-efficiency equipment	7.3.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Professional services related to the energy performance of buildings	9.3.	0.0	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.0**	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total (A.1 + A.2)		**0.0**	0.0	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0	–	–	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Opex of Taxonomy-non-eligible activities (B)		**127.3**	**100**																	
Total (A+B)		**127.3**	**100**																	

Templates for activities in the nuclear energy and fossil gas sectors

REVENUE FY 2022: TEMPLATE 1
NUCLEAR ENERGY AND FOSSIL GAS RELATED ACTIVITIES

Nuclear energy related activities	
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
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
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	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
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
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.	No

REVENUE FY 2022: TEMPLATE 2 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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
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
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
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
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
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
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
Total applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FY 2022: TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)

	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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
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
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
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
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
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
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
Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	0.0	100.0	0.0	0.0	0.0	0.0

REVENUE FY 2022: TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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
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	74.1	27.7	74.1	27.7	0.0	0.0
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
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
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	3.7	1.4	3.7	1.4	0.0	0.0
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
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	189.3	70.9	189.3	70.9	0.0	0.0
Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	267.1	100.0	267.1	100.0	0.0	0.0

REVENUE FY 2022: TEMPLATE 5
TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

	Amount	%
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
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
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
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
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
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
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	4,044.9	100
Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI	4,044.9	100

CAPEX FY 2022: TEMPLATE 1
NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Nuclear energy related activities	
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
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
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	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
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
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.	No

CAPEX FY 2022: TEMPLATE 2
TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)

	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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
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
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
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
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
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
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
Total applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0

CAPEX FY 2022: TEMPLATE 3
TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)

	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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
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
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
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
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
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
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
Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	0.0	100.0	0.0	0.0	0.0	0.0

CAPEX FY 2022: TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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
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	1.1	2.4	1.1	2.4	0.0	0.0
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
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
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
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
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	43.7	97.5	43.7	97.5	0.0	0.0
Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	44.8	100.0	44.8	100.0	0.0	0.0

CAPEX FY 2022: TEMPLATE 5
TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

	Amount	%
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
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
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
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
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
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
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	58.0	100.0
Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI	58.0	100.0

OPEX FY 2022: TEMPLATE 1
NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Nuclear energy related activities	
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
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
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	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
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
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.	No

OPEX FY 2022: TEMPLATE 2
TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)

	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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
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
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
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
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
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
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
Total applicable KPI	0.0	0.0	0.0	0.0	0.0	0.0

OPEX FY 2022: TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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
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
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
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
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
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
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
Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	0.0	100.0	0.0	0.0	0.0	0.0

OPEX FY 2022: TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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
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
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
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
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
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
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
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 2022: TEMPLATE 5
TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

	Climate change adaptation (CCA)	
	Amount	%
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
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
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
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
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
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
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
Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI	127.3	100

B.5.3 Social

B.5.3.1 Occupational health and 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 throughout the Group by the corporate function HSEQ (Health, Safety, Environment, Quality). The design and implementation of these measures are decentralized to the Group companies.

Concept

Occupational safety

For Bilfinger as a service provider for industrial customers, the safety of its employees is of particular importance. Because Bilfinger often operates in particularly safety-sensitive areas in customers' plants, aspects of occupational safety are of central importance for 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 the corporate function 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. Since the end of 2022, 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. In addition, monthly articles on occupational safety appear in the employee magazine *Bilfinger Update*.

An important measure for raising awareness regarding topics of occupational safety is our safety program Safety Works! as well as the safety campaigns that were developed in this context. In 2022, the *In the line of fire / Danger – watch out!* campaign aimed to familiarize employees with the six most important hazards of the *Life Saving Rules / Work in the line of fire*. This involves using QR codes so that employees can view short safety videos on stationary and mobile devices.

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, 37 companies with 145 locations have been certified pursuant to the occupational health and safety standard DIN EN ISO 45001 and eight companies with 43 locations have been certified pursuant to the *Safety Certificate Contractors Petrochemical* (SCCP) standard.

Regular internal audits are carried out at the Group companies. Following the restrictions imposed as a result of the COVID-19 pandemic in the previous year, the number of audits carried out on site was increased again in the reporting year. A total of 14 Group companies in Germany, Norway, Belgium, the Netherlands, South Africa and Kuwait were audited. 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 2022 (previous year: 0.21). This *TRIF* indicator measures the number of days lost due to reportable accidents per million hours worked. In 2022, it was 1.31 (previous year: 1.06). Bilfinger's LTIF and TRIF figures in 2022 were again better than the industry average determined among our competitors and selected clients (data from 2021).

Regrettably, there was one occupational accident resulting in death in 2022. A total of 15 employees died as a result of COVID-19 in 2020 and 2021; fortunately, no further deaths occurred in 2022.

OCCUPATIONAL SAFETY INDICATORS

	2022	2021
LTIF[1]	0.26	0.21
TRIF[2]	1.31	1.06
Fatalities[3]	1	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.

Health protection

The measures taken locally at Group companies on the basis of central requirements to maintain employee health include, for example, programs to improve ergonomics in the workplace or to deal with psychological demands and stresses. Preventive medical checkups are also made available.

In the event of incidents of particular significance for the health of employees, the corporate function HSEQ assumes a central coordination role in health protection, as has been the case with the COVID-19 pandemic. The number of employees with COVID-19, for example, is collected at headquarters for the entire Group. This also includes the severity of disease progression, quarantine status and the number of employees who have recovered and returned to work. Information on the current status of all COVID-19 cases in the Group is provided by a dashboard that was established in the first years of the pandemic on the basis of the management software that has been used at Bilfinger for many years. In line with the decentralized Group organization, responsibility for the selection and implementation of specific protective measures related to the respective local COVID-19 situation was with our units. This enables specific, timely and effective responses to developments on the ground. Depending on the type of job and the intensity of contact among the workforce, a measured approach is taken with the objective of minimizing the impact on the health of employees and their families.

B.5.3.2 Employee development and diversity

Our business model as an industrial services provider is shaped by the availability, skills and value orientation of our employees. Continuous training and qualification of our employees are key in this regard.

Concept

The continuous development of employees throughout the Group is a key factor for the success of the company. Group-wide human resources management is based on clearly-defined standards that are firmly anchored in our Group Policies and therefore apply to all employees. Talent management, compensation and internal reporting are the cornerstones of employee development.

Employee development

Central human resources management processes are outlined in our *HR Calendar*. They relate, for example, to the annual performance assessment, development planning and salary review in the course of the financial year. We generally track our annual performance and development cycle in digital form. The annual employee appraisals are conducted on the basis of standardized discussion guidelines, with the help of which all those involved reflect on what has been achieved and define the resulting development measures in a structured manner. Salaried employees also set individual goals for the year ahead.

To develop and retain internal talent at Group level, we have established various programs for high-potential employees and management levels 2 to 4.*

As part of the annual Talent Review, the potential of 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 Corporate Human Resources and the Executive Board. The Talent Review's identification of potential is followed by a nomination to the global management development programs, which serve to promote the development of management and specialist competencies as well as networking.

In addition, the Bilfinger Academy offers so-called regional *leadership camps* that enable our Bilfinger managers to develop an integrative leadership style and to be successful in their role as *people leaders* at Bilfinger. The two events, *Leadership Base Camp* and *Leadership Advanced Camp*, are three-day trainings intended for the different experience levels of new and more experienced leaders.

* Management levels at Bilfinger 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.

In addition to the management development programs, the Bilfinger Academy bundles the internal further training programs for all employees with a PC workstation. The established continuing education program *Digital Learning Week* was further developed in 2022. The new *Learning Days* format focuses more on internal networking and knowledge sharing. For example, more internal trainers were used and new formats such as *Round Tables* or *Meet & Ask* gatherings were introduced. In consultation with their supervisors, employees were able to register online for seminars and trainings on topics such as project management, self-management, leadership and work techniques.

To specifically promote project management skills, which are of great importance in Bilfinger's business model, we have introduced a qualification series together with external trainers which offers training in accordance with the internationally recognized standards of the Project Management Institute (PMI). This program has been intensified and 10 new courses with a total of more than 100 participants were launched Group-wide in 2022.

At the regional and local levels, Bilfinger's operating units offer additional development and training opportunities that are oriented toward their respective needs.

A portion of the savings generated by the efficiency program launched at Bilfinger in 2022 will in future be invested specifically in employee training and development in order to maintain and further strengthen the Group's competitiveness. The objective is to increase investment in training and development to an annual share of at least 0.5 percent of Group revenue in the future.

The *Bilfinger Apprentice Campaign* project was launched in 2022 as a means of positioning Bilfinger even more strongly on the German-speaking market as an attractive employer in the area of vocational training. The goal is to develop an employer profile with a focus on training in order to make the Group's offering in this area better known to the relevant target groups in 2023.

Diversity

The diversity of our employees is of fundamental value 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 have given ourselves the task of making these central dimensions of diversity an integral part of our daily work and the interaction among colleagues.

Cultural and linguistic diversity are part of everyday life at a globally active company like Bilfinger, with employees from a total of 112 nations. We are convinced that it is precisely this diversity that makes Bilfinger unique. Through their different approaches and perspectives, our employees create innovative solutions for our customers and thus make a key contribution to the success of our company.

Respect for and appreciation of diversity in our company is most clearly expressed in the fact that we prohibit discrimination of any kind. We have anchored this principle in our Code of Conduct, which applies to all employees without restriction. Violations of our Code of Conduct will not be tolerated under any circumstances; more detailed explanations are provided in Chapter *B.5.4.2 Counteracting bribery and corruption.*

Our global diversity initiatives seek to establish a common understanding of why diversity is of fundamental value to us as a Group. Senior management in the Group regularly highlights the relevance of these issues in internal publications. The topic of diversity is also of crucial importance in the cooperation with junior managers and young talent. In 2022, the company's Labor Director launched a virtual series of talks on this topic.

As an employer, we would like to be attractive for employees in a wide range of life situations. For this reason, we seek to create a working environment that is as modern as possible, for example through hybrid forms of work and flexible working hours. This approach includes providing support for childcare or other family responsibilities through flexible working time models.

When looking for new employees, we specifically expand conventional recruiting channels to address potential employees and trainees among refugees, for example. When filling positions internally and as part of our succession planning, we believe it is important to have a diverse field of applicants.

In order to strengthen intercultural cooperation and reduce unconscious bias, employees are offered a wide range of further education and training opportunities. In addition, job rotation programs, such as our in-house trainee program, or temporary secondments to international assignments promote the transfer of knowledge between the various locations while also helping to establish an atmosphere of cultural openness.

The focus of the Bilfinger Mentoring Program is on fostering the exchange of experience between less experienced employees and experienced employees from different business segments and countries in order to support the transfer of knowledge as well as perspective changes in a sustainable manner within the Bilfinger Group.

Internal communication activities are given high priority: We use Group-specific training programs to provide information about diversity and its importance at Bilfinger. By doing so, we want to empower our employees to become ambassadors for a diverse corporate culture. Our digital corporate media regularly feature portraits of inspiring personalities and teams who contribute to a diverse corporate culture. We also use collaborative formats such as our internal MS Teams channel *Diversity@Bilfinger* to promote an exchange of ideas and information among employees.

In addition to these Group-wide diversity initiatives, Bilfinger also relies heavily on local initiatives that are tailored to regional needs and relevant diversity topics in the Group units in individual regions. In 2022, for example, a local interest group of employees from different business units was set up in our company in the United Kingdom. The group has taken it upon itself to design and implement local projects on diversity.

In the United States, for example, we specifically recruit employees at universities and colleges where a significant proportion of students are from ethnic minorities. In addition, interview questions aimed at the relevance of diversity among employees in everyday working life are an integral part of the recruitment process at Bilfinger units in the U.S. context.

The proportion of women in management positions has been established as a metric at Bilfinger. At the end of November 2020, the Executive Board resolved to achieve a target figure at Bilfinger of 10 percent women in 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.

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, 2022, the proportion of women in management level 1 was 11 percent (previous year: 6 percent) and in management level 2 it was 6 percent (previous year: 8 percent).

The Supervisory Board has 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, 2022, the Executive Board consisted of two members, both of whom are men.

Further information 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 under *Investors / Corporate Governance / Declaration of corporate governance*.

PROPORTION OF WOMEN IN MANAGEMENT POSITIONS

in %	**2022**	2021	Target 2023
Executive Board	0%	50%	30%
Management level 1	11%	6%	10%
Management level 2	6%	8%	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. 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 are described in greater detail below.

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 the company and the 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

This year, the Executive Board created Group Executive Management *(GEM)*, a management team to advise and support the Executive Board on the operational and strategic issues of the Group. The committee discusses and develops relevant topics and, where relevant, prepares them for decision by the Executive Board. The main goal of the GEM is to achieve a reduction in administrative processes, strengthen individual responsibility and allow for faster decision-making. In addition to the Executive Board, the GEM comprises the heads of the three segments (Engineering & Maintenance Europe, Engineering & Maintenance International, Technologies), the Head of Products & Innovation, the Head of Corporate HR & HSEQ and the Head of Corporate Procurement. The GEM meets at least once a month.

Bilfinger Risk Committee

The Bilfinger Risk Committee *(BRC)* meets quarterly at the behest of the Executive Board and advises it on issues related 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 / divisions, and selected heads of corporate departments. 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 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 Corporate HR & HSEQ as well as the Executive Presidents (EPs) of the individual regions / divisions. 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 corporate departments and convenes quarterly under the chairmanship of the Chief Compliance Officer. 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 Chief Compliance Officer (CCO), 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 Corporate HR & HSEQ. The committee also includes the General Counsel / Chief Compliance Officer, the Head of Labor Law / Co-Determination and the direct supervisor of the business unit where the matter under review occurred.

SustaiNet

SustaiNet is a sustainability network responsible for coordinating and harmonizing sustainability management at Group level. It is coordinated by Corporate Treasury & Investor Relations in the area of responsibility of member of the Executive Board Matti Jäkel (Chief Financial Officer). Members of Sustainet include heads of selected corporate departments and functional units whose areas of responsibility have a bearing on sustainability issues, as well as the executive management of regional and divisional operations.

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, 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. These were last reviewed and updated in the reporting 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 technical management as well as the administration of the Bilfinger Group. It is divided into corporate departments, 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 has been divided into two service lines (Engineering & Maintenance and Technologies) and within these into eight regions and two divisions, to which in turn the individual Group companies are allocated. The regions and divisions have a high degree of entrepreneurial autonomy within the framework of the decentralized structure.

Responsibility in each region and division lies with an Executive President who is responsible for operating business and who reports to the Chief Executive Officer (CEO) on the Executive Board, and a Finance Director, who is responsible for commercial matters and reports to the Chief Financial Officer (CFO). There are three Global Excellence Teams (HSEQ, Global Development and Operational Excellence) established in the form of corporate departments that provide targeted support to the regions, divisions and Group companies to develop new areas of business, increase efficiency and, moreover, ensure our HSEQ standards.

This organizational form 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 Principles, Code of Conduct

Our Mission Statement, our Group Principles and our Code of Conduct, together with the basic structure of the Group, form the framework for governance, with priority given to more general guidelines.

Our corporate values are specified in the Mission Statement and Group Principles. 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 form for all employees, in particular for the areas of HSEQ and risk-conscious behavior.

The principles laid out in the Code of Conduct serve as a further benchmark for our actions. The Bilfinger Code of Conduct applies to activities throughout the world and has been translated into a total of 18 languages. It provides specific guidance for responsible, compliant and integrity-oriented behavior in everyday business and is mandatory for all managers and employees – regardless of where they work and what job they do. It is valid throughout the Group and relates to how we deal with each other and how we deal with customers and business partners. 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. Special processes are, in turn, regulated in *Group SOPs*, which are binding for all employees. In each case, local requirements must be taken into account. In certain exceptions, these also allow for specific implementation regulations and deviations in exceptional situations. Responsibility for the Group Policies and SOPs lies with the corporate departments 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 regional and divisional heads 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 exist for each unit and level of the Group and the approval requirements within the regions and divisions 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. The approval and signature requirements are regularly reviewed to ensure that they are up to date, and adjusted as necessary, as was most recently the case in the reporting year.

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 regional or divisional management. 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 / division head 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, which are organized by the relevant specialist departments. Where relevant, the concepts are described in more detail in the chapters that follow.

B.5.4.2 Counteracting corruption & 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 *the corporate function 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. Accepting small payments to secure or accelerate routine official acts ("acceleration payments") is 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 act 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, variable remuneration for managers at management levels 1 and 2 includes an individual integrity factor. This factor is determined and taken into consideration annually with regard to the extent a manager implements the topics of integrity and compliance into his or her daily actions and how much he or she actively supports and promotes them in his or her environment.

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 both the regional and divisional levels. In addition, each regional or divisional 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)	
	2022	2021	**2022**	2021	**2022**	2021
E-learning module ‘Anti-Corruption & Bribery’[1]	9,081	4,220	8,707	4,123	96%	98%
E-learning module ‘Code of Conduct’[1]	4,549	8,662	4,282	8,427	94%	97%
On-site training module ‘General Compliance Training’[2]	603	2,944	582	2,937	97%	100%

1 2021: 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 whose job requires increased compliance awareness. Abbreviated training is used for existing employees.
2022: For all new employees with PC workstation and access to the Bilfinger network as well as for existing employees with PC workstation and access to the Bilfinger network whose activities do not require increased compliance awareness.

2 2021: For all employees whose work requires increased compliance awareness.
2022: For all employees who as new hires or as a result of a change of position have taken up a job at Bilfinger that does not require increased 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 a long-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, 441 (previous year: 296) 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 for many years 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 extremely rare event that an employee is found to have been involved in serious misconduct, the Disciplinary Committee headed by Corporate 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	2022	2021
Indications of compliance violations[1]	66	70
thereof: indications of corruption and bribery	0	1
Investigations initiated	27	20
Disciplinary measures as a result of investigations	20	7

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

In financial year 2022, 66 (previous year: 70) indications of compliance violations were identified. Of these, none included indications of corruption or bribery (previous year: 1). Against the background of Bilfinger's uncompromising stance when it comes to dealing with compliance-related issues, the number of investigations initiated increased to 27 (previous year: 20), as did the number of disciplinary measures taken as a result of these investigations (previous year: 7).

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 www.bilfinger.com/ueber-uns/nachhaltigkeit/governance/. The declaration 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*). In this context, the Policy Statement forms the basis of governance for *Human Rights Risk Management,* which is fully integrated into Bilfinger's *compliance management system* (CMS).

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 they do. Our managers and employees are obligated to adhere to the principles formulated in the Code of Conduct and to confirm in writing that they have received and familiarized themselves with it. 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 Declaration of Principles on Respect for 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.

Concept

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.

Basic principles of human rights

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, marital status 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

- Maintaining 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. The rights of employees to freedom of association and collective bargaining are expressed – depending on local legislation – in the company's employee representative bodies or the trade union. These bodies endeavor to uphold employee rights, including through the application of collective bargaining agreements. Bilfinger's management maintains a regular and constructive dialog with employee representatives.
- Compliance with global working time regulations.

- Compliance with all wage and compensation laws worldwide, meaning fair compensation for workers.
- Acting 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 application of 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 organizations or trade unions.

Environmental protection

- Putting particular importance on climate protection and contribution to the reduction of greenhouse gases.
- Strengthening environmentally sustainable economic activities.
- Raising awareness of climate change and the need to accelerate the launch of global energy transition initiatives.

Grievance

- Establishing a protected procedure for reporting possible violations of human rights principles.
- Identification and management of risks.
- Active reduction of negative impacts.

- Providing a structured incident response with structured processes to resolve these issues when they occur.

Upholding human rights and environmental due diligence 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 in its design and operationalization on the prevent-detect-respond model, which has proven itself in Group practice. 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 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 at least 600 internal supplier audits per year in accordance with defined standards beginning in financial year 2023.

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 2022, 17 (previous year: 14) indications of violations were identified that related to bullying, discrimination and sexual harassment. Investigations were initiated in 9 (previous year: 5) cases, resulting in internal disciplinary measures in 4 cases (previous year: 5).

NUMBER OF INDICATIONS OF VIOLATIONS OF HUMAN RIGHTS*

	2022	2021
Indications of violations[1]	17	14
Investigations initiated	9	5
Disciplinary measures as a result of investigations	4	5

* 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.5.4.4 Quality management

For us, the satisfaction of our customers is directly linked to the quality of our services. This link is also part of the DIN EN ISO 9001 standard. This standard is applied centrally as a benchmark for our quality management system. The expectation in the Group is that operating units will meet the criteria defined in DIN EN ISO 9001, even if they do not pursue external certification.

Concept

In order to be able to provide the quality required by our customers, we have established an extensive quality and process management system. It starts with the operating units, which are responsible for the quality of their products and services and for their monitoring. They are supported by the quality management of the regions and / or divisions as well as by the corporate function HSEQ. System requirements, internal audits as well as training and education measures for quality assurance are intended to ensure that our standards of quality are maintained at all possible times and continuously developed.

For the project business, we have established a Group-wide process that is oriented toward different risk classes. The so-called *stage-gate process* is used to standardize and ensure the quality of business processes in the operating companies when it comes to offers and orders. This process begins in the business development phase and ends with the expiration of the warranty period. The stage gates are predefined points (decisions and reviews) in the life cycle of an offer or order, the successful completion of which is determined by a stage-gate certificate.

In addition, Bilfinger has had a cross-regional matrix certificate since 2015 which helps ensure uniform quality standards in the Group and which, by the end of 2022, already included 150 locations in 41 Bilfinger companies. Our Health, Safety, Environment and Quality (HSEQ) processes and their implementation in the operating units are audited and certified by external companies.

NUMBER OF OPERATING COMPANIES WITHIN THE MATRIX WITH CERTIFIED QMS IN ACCORDANCE WITH DIN EN ISO 9001

Number	2022	2021
Operating companies with certified QMS	41	43

B.5.4.5 Data security and data protection

To be able to provide our services, we collect, store and process a range of data. On the one hand, this relates to personal data of our employees and of our suppliers, but also to data about plants, processes and people at our customers' sites, because we are providing an increasing number of services for the digitalization of plants. Information is therefore an integral part of our business processes and thus represents an important corporate asset that must be protected in an appropriate manner against unauthorized access. In the context of an ever-increasing global networking of computer systems, protection against abuse, manipulation, espionage or theft requires increasingly complex procedures.

Data leaks or issues related to accessing data could have a serious impact on the relationship to employees or business partners. For this reason, our processes and activities for data security and data protection are important prerequisites for the acceptance of our business model by our stakeholders.

Concept

Data security

Bilfinger has therefore adopted targeted regulations with regard to information security and data protection and has taken appropriate organizational measures.

The fundamental regulations for the secure and legally compliant handling and processing of data are summarized in our Group Policy on Information Security. It is binding for all those employed by the Group and for all those working on behalf of Bilfinger. It describes the components of information security, principles for handling of data, the processing of data and the obligations of managers, IT specialists, employees and external parties. Violations of the provisions of this Group Policy and its annexes or of existing laws may result in disciplinary, contractual or criminal consequences.

In addition to the Group Policy for Data Security, various Standard Operating Procedures (SOP) have been defined with the goal of implementing the Group Policies on information security in all Group companies. These include, for example, SOPs on the topics of *information management standards, ERP, web and cloud services, emergency security* as well as *ethics* and *IT practice*.

Technical responsibility for information security lies with the manager responsible for information security at Bilfinger Global IT GmbH, who is supported by the dedicated, central competence center for the topic of information security. The Information Security team checks to ensure that IT services that are planned or in operation are compliant with the Group Policy on Information Security as well as regulatory requirements. In addition, each organizational unit must appoint a person responsible for data protection who works together with the manager responsible for information security as a coordinator.

We counter the risks in the *cyber security* environment with a broad package of measures, such as systematic 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 have been migrated to *Microsoft Azure* in the *cloud* and are subject to ISO 27001 certification, which lays out the requirements for establishing, implementing, maintaining and continuously improving an information security management system. In addition, measures to make network access more stringent are checked by means of regular vulnerability analyses, e.g., 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. A further focus of activities is the timely elimination of newly reported vulnerabilities of software manufacturers. In addition to the immediate elimination of security vulnerabilities that have become known, training requirements are also defined in such cases for all those employed in the Group with computer workstations in order to raise awareness of the increasing risk.

Every employee or person working on behalf of the Bilfinger Group is obligated to report any possible or actual threat to the information available in the Group as a security incident in a timely manner. In addition, each business unit is obligated to establish and maintain a comprehensive and effective emergency management system in accordance with its business area and area of responsibility. If there is a security incident, the Group-internal *Independent Allegation Management Committee (IAMC)* is, when necessary, commissioned with an investigation into the violation.

Data protection

A uniform Group Policy on Data Protection applies in the Bilfinger Group, defining a uniform standard for the handling of personal data. It is based on the provisions of the European General Data Protection Regulation and on globally accepted basic data protection principles for the processing of the personal data of employees, customers, suppliers and other business partners. The policy is binding for all Group companies and is intended to ensure that the data protection standards described in the policy are not undercut. It also applies to Group companies in countries that do not have their own statutory data protection regulations.

The policy describes the tasks and responsibilities of the external Data Privacy Officer, the internal Data Privacy Officer as well as the Data Privacy Coordinator. It also outlines the data protection principles, specifications for data transmission and commissioned data processing, the rights of data subjects and the responsibilities of Group companies.

If data protection violations occur or are suspected, the Group Policy on Data Protection lays out a procedure for the reporting of data protection violations. A reporting form is available to all those employed by the Bilfinger Group as a guideline for this purpose. The reports flow for further processing and for the purposes of evaluation into a database in which the (suspected) data protection violation is described.

The Executive Board is informed about data security and the structure of data protection at least once a year. The Executive Board is immediately informed of any serious incidents at work.

In financial year 2022, 16 (previous year: 4) data protection incidents were identified, 1 of which was classified as a reportable data protection breach (previous year: 1). The main reason for the increase in data breaches are the numerous conversions from on-premise to cloud-based solutions and the associated new analysis options in the IT landscape, which can be used to uncover vulnerabilities.

NUMBER OF DATA PROTECTION VIOLATIONS

	2022	2021
Data protection incidents	16	4
thereof reportable data protection violations	1	1

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 €132,627,126 is divided into 41,037,328 bearer shares with an arithmetical value of €3.23 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 12, 2021, that its shareholding in Bilfinger on November 9, 2021, was 26.67 percent of the voting rights. These voting rights were attributed to Cevian Capital II GP Limited in accordance with Section 34 WpHG through Cevian Capital Partners Limited with 24.98 percent of the voting rights.

Investment company ENA Investment Capital LLP, London, United Kingdom, notified us on November 7, 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 of the German Securities Trading Act (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.

Control of voting rights of employee shares with indirect exercise of controlling 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. On the balance-sheet date, a total of 17,746 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, 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 8 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 21 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 Subsection 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 25 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 of May 11, 2022, lifted the authorization for the purchase of the company's own shares granted to the Annual General Meeting of May 24, 2017. The authorizations in the Annual General Meeting resolution of May 24, 2017, on the use of the company's own shares remain unaffected. The Annual General Meeting on May 11, 2022, 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 May 10, 2027. This was 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 had already purchased and still held or which were 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 that time, the company held 268,125 treasury shares (approximately 0.50 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 of May 11, 2022. These are explained in the invitation document for the Annual General Meeting on May 11, 2022, which is available on the Bilfinger SE website at www.bilfinger.com/fileadmin/corporate_webseite/investor_relations/hauptversammlung/2022/Bilfinger_SE_HV-Einladung_2022.pdf.

On May 13, 2022, the Executive Board of Bilfinger SE resolved, with the approval of the Supervisory Board, to launch a share buyback program as of July 1, 2022, on the basis of the authorization granted by the Annual General Meeting. Within the scope of this program, a maximum of up to 4,103,732 treasury shares of Bilfinger SE could be purchased on the stock exchange at a maximum purchase price (excluding incidental costs) of €100 million. The share buyback was based on the provisions of Regulation (EU) No. 596/2014 and Commission Delegated Regulation (EU) 2016/1052.

The share buyback was completed on November 23, 2022. Within the period from July 1, 2022, up to and including November 23, 2022, a total of 3,509,863 own shares (8.55 percent of the capital stock of Bilfinger SE) at a total value of €99,999,977.60 (excluding incidental costs) were purchased. This corresponds to an average price of €28.49 (excluding incidental costs) per re-acquired share.

Details of the share buyback program are published on the company's website www.bilfinger.com/en/investors/shares-bond-and-rating/share-buyback. and in the invitation document to the Annual General Meeting 2022.

As of December 31, 2022, Bilfinger SE held a total of 3,630,956 treasury shares, corresponding to 8.85 percent of the company's share capital.

Authorized Capital

The Annual General Meeting of May 15, 2018, lifted the authorization for the creation of authorized capital resolved by the Annual General Meeting of May 8, 2014, and included in Section 4 Paragraph 3 of the Articles of Incorporation (Approved Capital 2014). By resolution of the Annual General Meeting of May 15, 2018, the Executive Board was authorized for a period ending on May 14, 2023, to increase the company's capital stock, subject to the consent of the Supervisory Board, by up to €66,313,563 by issuing new no-par value bearer shares on one or more occasions (Authorized Capital 2018). 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.

Limited to new shares representing a total proportionate amount of share capital of up to 20 percent and subject to the consent of the Supervisory Board, the Executive Board is authorized to exclude shareholders' statutory subscription rights under the conditions specified in the authorization resolution with the issue of new shares in cases of fractional amounts, to grant subscription rights to holders of conversion and / or option rights issued by the company or by a company of the Group, or to carry out capital increases against cash and / or non-cash contributions as well as for the execution of a so-called scrip dividend.

Conditional Capital

The Annual General Meeting of April 15, 2021, increased the conditional capital increase resolved by the Annual General Meeting of May 24, 2017, and included in the company's Articles of Incorporation (Conditional Capital 2017). By resolution of the Annual General Meeting of April 15, 2021, the share capital was increased by up to €13,262,712 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.

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 2027. 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 €6 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 2022, which will be submitted to the Annual General Meeting 2023 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	2022	2021
Revenue	(6)	4,312.0	3,737.4
Cost of sales		-3,874.9	-3,350.4
Gross profit		**437.2**	387.0
Selling and administrative expense		-307.5	-290.7
Impairment losses and reversals of impairment losses in accordance with IFRS 9	(7)	-2.9	-2.8
Other operating income	(8)	29.4	68.4
Other operating expense	(9)	-85.9	-43.8
Income from investments accounted for using the equity method	(18)	5.1	3.1
Earnings before interest and taxes (EBIT)		**75.5**	121.2
Interest income	(12)	**5.7**	17.2
Interest expense	(12)	**-28.3**	-29.8
Other financial result	(12)	-1.4	6.7
Earnings before taxes		**51.5**	115.3
Income taxes	(13)	-20.4	8.1
Earnings after taxes from continuing operations		**31.1**	123.4
Earnings after taxes from discontinued operations	(5.1)	**-0.1**	6.8
Earnings after taxes		31.0	130.2
thereof non-controlling interests		2.9	0.7
Net profit		**28.2**	129.5
Basic earnings per share (in €)	(14)	0.71	3.19
thereof from continuing operations		0.71	3.02
thereof from discontinued operations		0.00	0.17
Diluted earnings per share (in €)	(14)	0.71	3.16
thereof from continuing operations		0.71	2.99
thereof from discontinued operations		0.00	0.17

C.2 Consolidated statement of comprehensive income

in € million

	2022	2021
Earnings after taxes	31.0	130.2
Items that will not be reclassified to the income statement		
Gains / losses from remeasurement of net defined-benefit liability (asset)		
Unrealized gains / losses	62.8	19.4
Income taxes on unrealized gains / losses	-5.2	-1.0
	57.6	18.4
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
	57.6	18.4

Consolidated statement of comprehensive income, continued >

< Consolidated statement of comprehensive income, begin

in € million	2022	2021
Items that may subsequently be reclassified to the income statement		
Currency translation differences		
Unrealized gains / losses	-4.9	21.3
Reclassifications to the income statement	0.0	-3.1
Income taxes on unrealized gains / losses	0.0	0.0
	-4.9	**18.2**
	-4.9	**18.2**
Other comprehensive income after taxes	**52.7**	**36.6**
Total comprehensive income after taxes	**83.7**	**166.8**
Attributable to shareholders of Bilfinger SE	80.9	166.1
Minority interest	2.8	0.7

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, 2022	Dec. 31, 2021
Assets	Non-current assets			
	Intangible assets	(15)	786.5	780.6
	Property, plant and equipment	(16)	246.2	258.7
	Right-of-use assets from leases	(17)	173.2	176.7
	Investments accounted for using the equity method	(18)	12.7	11.4
	Other assets	(19)	7.3	7.3
	Deferred taxes	(13)	35.9	46.7
			1,261.9	1,281.4
	Current assets			
	Inventories	(20)	80.8	64.9
	Receivables and other financial assets	(21)	1,078.5	909.1
	Current tax assets	(13)	7.3	20.3
	Other assets	(22)	35.2	40.2
	Marketable securities	(29.1)	14.9	189.9
	Cash and cash equivalents	(29.1)	573.4	642.9
	Assets classified as held for sale	(5)	0.0	–
			1,790.1	1,867.3
			3,052.0	3,148.7

Consolidated balance sheet, continued >

< Consolidated balance sheet, begin

in € million

		Notes	Dec. 31, 2022	Dec. 31, 2021
Equity & liabilities	Equity	(23)		
	Share capital		132.6	132.6
	Capital reserve		765.9	771.8
	Retained and distributable earnings		293.3	403.1
	Other reserves		0.7	5.5
	Treasury shares		-104.7	-12.2
	Equity attributable to shareholders of Bilfinger SE		**1,087.9**	1,300.8
	Minority interest		-9.7	-11.8
			1,078.2	1,289.0
	Non-current liabilities			
	Provisions for pensions and similar obligations	(24)	238.7	306.5
	Other provisions	(25)	17.3	20.7
	Financial debt	(26)	388.9	395.1
	Other liabilities	(27)	0.0	2.5
	Deferred taxes	(13)	10.8	4.2
			655.7	729.0
	Current liabilities			
	Current tax liabilities	(13)	29.7	21.9
	Other provisions	(25)	238.8	215.8
	Financial debt	(26)	54.7	54.3
	Trade and other payables	(27)	787.0	641.4
	Other liabilities	(28)	208.1	197.3
	Liabilities classified as held for sale	(5)	0.0	–
			1,318.2	1,130.7
			3,052.0	3,148.7

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	Other reserves	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, 2021	132.6	770.6	468.3	0.0	0.0	0.0	-12.7	-149.5	1,209.3	-10.7	**1,198.6**
Earnings after taxes	0.0	0.0	129.5	0.0	0.0	0.0	0.0	0.0	129.5	0.7	130.2
Other comprehensive income after taxes	0.0	0.0	18.4	0.0	0.0	0.0	18.2	0.0	36.6	0.0	36.6
Total comprehensive income	0.0	0.0	147.9	0.0	0.0	0.0	18.2	0.0	166.1	0.7	**166.8**
Dividends paid out	0.0	0.0	-76.5	0.0	0.0	0.0	0.0	0.0	-76.5	-1.0	-77.5
Share-based payments	0.0	1.2	-13.4	0.0	0.0	0.0	0.0	15.9	3.7	-0.1	3.6
Changes in ownership interest without change in control	0.0	0.0	-2.0	0.0	0.0	0.0	0.0	0.0	-2.0	-0.3	-2.3
Purchase of treasury shares	0.0	0.0	-121.4	0.0	0.0	0.0	0.0	121.4	0.0	0.0	0.0
Other changes	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.2	-0.4	-0.2
Balance at December 31, 2021	132.6	771.8	403.1	0.0	0.0	0.0	5.5	-12.2	1,300.8	-11.8	**1,289.0**

Consolidated statement of changes in equity, continued >

in € million

	Equity attributable to shareholders of Bilfinger SE									Attributable to minority interest	Equity
				Other reserves							
	Share capital	Other reserves	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	31.0
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	80.9	2.8	83.7
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
Cancelation 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**

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	2022	2021
Earnings before taxes from continuing operations		51.5	115.3
Interest income and expense and other financial result	(12)	23.9	5.9
Amortization of intangible assets from acquisitions and goodwill impairments	(11)	0.0	0.0
EBITA		75.5	121.2
Depreciation of property, plant and equipment, amortization of intangible assets (excluding from acquisitions) and right-of-use assets	(11)	98.7	99.5
Gains / losses on disposals of non-current assets	(8), (9)	-14.1	-41.2
Income from investments accounted for using the equity method	(18)	-5.2	-3.2
Dividends received		3.9	10.8
Interest received		5.0	6.5
Income tax payments		-2.1	7.2
Change in advance payments received		62.6	12.8
Change in trade receivables and work in progress		-162.2	-74.7
Change in trade payables and advance payments made		83.9	34.0
Change in net trade assets		**-15.7**	**-27.9**
Change in current provisions		41.7	-51.4
Change in other current assets (including other inventories) and liabilities		-9.3	5.0
Change in working capital		**16.7**	**-74.3**
Change in non-current assets and liabilities		-12.9	-14.0
Cash flow from operating activities of continuing operations		**165.5**	**112.5**
Cash flow from operating activities of discontinued operations		-7.5	2.5
Cash flow from operating activities, total		**158.0**	**115.0**

Consolidated statement of cash flows, continued >

< Consolidated statement of cash flows, begin

in € million

	Notes	2022	2021
Investments in property, plant and equipment and intangible assets		**-51.7**	-61.3
Payments received from the disposal of property, plant and equipment and intangible assets		**22.1**	63.5
Acquisition of subsidiaries net of cash and cash equivalents acquired	(4.2)	**-0.1**	-2.4
Payments from the disposal of subsidiaries net of cash and cash equivalents disposed of	(4.3)	**7.5**	5.0
Payments received / investments in other financial assets		**0.9**	9.9
Divestment / Investments in marketable securities	(29.1)	**174.7**	268.4
Cash flow from investing activities of continuing operations		**153.4**	283.1
Cash flow from investing activities of discontinued operations		2.7	0.0
Cash flow from investing activities, total		**156.1**	283.1
Acquisition of own shares		-100.0	0.0
Dividends paid to the shareholders of Bilfinger SE	(23.1)	-193.7	-76.5
Dividends paid to minority interest		-1.9	-2.0
Investments in changes in company shares (control maintained)	(4.4)	-0.6	-1.9
Borrowing	(26)	0.0	0.0
Repayment of financial debt	(26)	-61.2	-158.5
Interest paid		-25.2	-27.6
Cash flow from financing activities of continuing operations		**-382.7**	-266.5
Cash flow from financing activities of discontinued operations		-0.1	-0.1
Cash flow from financing activities, total		**-382.8**	-266.6
Change in cash and cash equivalents		**-68.7**	131.6
Change in value of cash and cash equivalents due to changes in foreign exchange rates		-0.8	0.8
Cash and cash equivalents at January 1		642.9	510.6
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		**573.4**	642.9

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 Poland*, which constitute operating segments. 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 Poland* 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.

From financial year 2022, *earnings before interest, taxes and amortization of intangible assets from acquisitions* (EBITA) is 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 will still 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	
	2022	2021	2022	2021	2022	2021	2022	2021
in € million								
External revenue	197.1	166.5	11.3	13.2	-4.0	-0.5	204.5	179.2
Internal revenue	0.0	0.7	64.6	62.2	-131.4	-135.6	-66.8	-72.7
Total revenue	**197.1**	167.2	**76.0**	75.4	**-135.4**	-136.1	**137.7**	106.5
EBITA	**17.5**	2.3	**-44.2**	5.3	**-2.6**	-3.5	**-29.3**	4.1
therein special items	2.3	0.0	-19.0	3.9	0.0	0.0	-16.7	3.9
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	**17.5**	2.3	**-44.2**	5.3	**-2.6**	-3.5	**-29.3**	4.1
Segment assets	49.2	57.8	608.0	861.3	0.0	0.0	657.2	919.1
Segment liabilities	37.2	33.3	779.2	842.5	0.0	0.0	816.4	875.8

SEGMENT REPORTING BY BUSINESS SEGMENT

	Technologies		Engineering & Maintenance Europe		Engineering & Maintenance International		Total of reportable segments		Reconciliation Group		Total continuing operations	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
in € million												
External revenue	588.7	555.4	2,723.4	2,449.5	795.4	553.3	4,107.5	3,558.2	204.5	179.2	4,312.0	3,737.4
Internal revenue	3.3	4.5	61.1	68.2	2.4	0.0	66.8	72.7	-66.8	-72.7	0.0	0.0
Total revenue	**592.0**	559.9	**2,784.5**	2,517.7	**797.8**	553.3	**4,174.3**	3,630.9	**137.7**	106.5	**4,312.0**	3,737.4
EBITA (segment earnings)	**8.4**	19.2	**104.7**	115.5	**-8.4**	-17.6	**104.7**	117.1	**-29.3**	4.0	**75.5**	121.2
therein special items	-9.2	-1.1	-35.5	-15.1	-3.0	-3.7	-47.8	-19.9	-16.7	3.9	-64.5	-16.0
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	0.0	0.0	0.0	0.0
EBIT	**8.4**	19.2	**104.7**	115.5	**-8.4**	-17.6	**104.7**	117.1	**-29.3**	4.0	**75.5**	121.2
therein depreciation of property, plant and equipment and other intangible assets	-3.4	-3.0	-37.3	-35.6	-3.9	-5.5	-44.6	-44.1	-3.9	-4.9	-48.5	-49.0
therein depreciation of right-of-use assets from leases	-4.7	-4.6	-29.5	-29.9	-4.5	-5.2	-38.7	-39.7	-11.5	-12.2	-50.3	-51.9
therein income from investments accounted for using the equity method	0.0	0.0	1.9	1.0	1.5	1.0	3.4	2.0	1.6	1.1	5.1	3.1
Segment assets December 31	**395.4**	385.1	**1,464.2**	1,386.1	**535.2**	458.4	**2,394.8**	2,229.6	**657.2**	919.1	**3,052.0**	3,148.7
thereof investments in associates and joint ventures accounted for using the equity method	0.0	0.0	2.0	1.9	1.3	0.8	3.3	2.7	9.5	8.7	12.7	11.4
Segment liabilities December 31	**277.9**	212.7	**686.4**	599.0	**193.2**	172.1	**1,157.5**	983.8	**816.4**	875.8	**1,973.9**	1,859.6
Investments in property, plant and equipment and intangible assets	**4.8**	3.2	**41.5**	54.6	**3.4**	2.1	**49.7**	59.9	**2.0**	1.4	**51.7**	61.3
Capitalization of right-of-use assets from leases	**4.2**	3.3	**24.5**	21.0	**3.8**	5.3	**32.5**	29.6	**5.7**	6.5	**38.2**	36.1
Employees December 31	**2,097**	2,088	**21,046**	20,210	**5,963**	5,951	**29,106**	28,249	**1,203**	1,507	**30,309**	29,756

SEGMENT REPORTING BY REGION

in € million	Germany 2022	Germany 2021	Rest of Europe 2022	Rest of Europe 2021	America 2022	America 2021	Africa 2022	Africa 2021	Asia 2022	Asia 2021	Australia 2022	Australia 2021	Total continuing operations 2022	Total continuing operations 2021
External revenue	1,002.8	1,019.4	2,289.3	2,029.8	686.5	452.5	171.1	123.0	158.9	111.5	3.3	1.2	4,312.0	3,737.4
Non-current assets at December 31	582.0	589.2	377.7	388.3	213.8	205.8	4.6	5.2	27.9	27.5	0.0	0.0	1,206.0	1,216.0

Special items in EBITA are comprised as follows:

SPECIAL ITEMS IN EBITA

€ million	2022	2021
EBIT	75.5	121.2
Amortization of intangible assets from acquisitions and goodwill	0	0
EBITA	75.5	121.2
Restructuring and efficiency enhancement expense	66.8	18.0
Process and system harmonization expense	0	6.5
Income / expense from the disposal of investments	-2.3	-8.5
Total special items	64.5	16.0
Adjusted EBITA	140.0	137.2

In the reporting year, special items mainly comprised expenses for the efficiency program in the amount of €62.4 million (see Notes 9 and 25). Further, there are 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).

In the previous year, special items mainly related to restructuring measures and system and process harmonization at Engineering & Maintenance Europe, in addition to a positive effect from the sale of Muscat Engineering Consultancy LLC, Muscat, Oman.

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 2022 were released for publication by the Executive Board on March 1, 2023. 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 electronic version of the German Federal Gazette (‘Bundesanzeiger’). 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.

3 Accounting policies

3.1 Judgments and estimates based on the Russian invasion of Ukraine and the COVID-19 pandemic

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 in connection with the changes to our business activities in Russia. Bilfinger took the decision in March 2022 to not accept any new orders in Russia. The company is allowing existing contracts to expire. 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 reporting year, amounting to a mid-single-digit million euro amount in total (see also Notes 7, 11 and 25). The broader consequences of the war on the global economy, in particular through rising energy prices and uncertainty regarding gas supplies, and therefore on Bilfinger's business, can still not be forecast with reasonable certainty. Furthermore, management judgments and estimates are subject to additional uncertainty against the backdrop of the global consequences of the COVID-19 pandemic. Climate risks, in particular those resulting from climate change, are not of material importance for Bilfinger given its decentralized business activities with relatively low capital intensity.

Within the framework of updating management judgments and estimates, all available information on expected economic developments and country-specific government counter-measures was included. This information was also included in the analysis of the recoverability and collectability of assets and receivables. Because the situation continues to evolve dynamically, it is difficult to predict its duration and the extent of its impact on assets, liabilities, results of operations and cash flows. We do not, however, expect the COVID-19 pandemic to have a material impact on our business activities over the course of financial year 2023. 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 as well as the COVID-19 pandemic 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 3.2 and 15.1.

3.2 Government grants and other measures in connection with the COVID-19 pandemic

Bilfinger has made use of government support measures aimed at mitigating the effects of the COVID-19 pandemic and support measures relating to personnel costs in particular (e.g. compensation benefits and compensation allowances). In accordance with IAS 20, these were classified as government grants related to income and recognized as a reduction of the corresponding personnel expense (reporting year: €1 million; previous year: €9 million). In addition, options for deferring social security contributions and tax payments were utilized. These do not fall within the scope of IAS 20 and have no material effect on earnings, but contributed to a temporary improvement in the liquidity situation. The deferred amounts as of December 31, 2022, amount to €0 million (previous year: €3 million).

3.3 New and amended IFRSs

The significant accounting policies applied generally correspond to those applied in the prior year, with the following exceptions:

Amended IFRSs relevant to Bilfinger and applied as of January 1, 2022, are:

- Amendments to IFRS 3 *Reference to the Conceptual Framework*
- Amendment to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to IFRS (cycle 2018-2020)

The effects of these changes are as follows:

IFRS 3 *Business Combinations*

The amendment to IFRS 3 *Reference to the Conceptual Framework* updates the reference to the Revised Framework (2018) and adds a requirement regarding the applicable rules when identifying assumed obligations and an explicit prohibition on recognizing assumed contingent assets. The changes have not led to any effects on the consolidated financial statements.

IAS 16 *Property, Plant and Equipment*

The amendment to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use* clarifies the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The changes have not led to any effects on the consolidated financial statements.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

The amendment to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract* specifies that the "cost of fulfilling a contract" comprises "costs that relate directly to the contract". Costs that relate directly to a contract may be either incremental costs to fulfill that contract (such as direct labor, materials) or an allocation of other costs that relate directly to contract fulfillment (such as an allocation of depreciation expense for an item of property, plant, and equipment used in fulfilling the contract). The changes have not led to any effects on the consolidated financial statements.

Annual Improvements to IFRSs, cycle 2018-2020

The improvements in the collective standards published in the context of the Annual Improvements Process include improvements to several IFRSs (IFRS 1, IFRS 9, IFRS 16 and IAS 41), mainly to remove inconsistencies and to clarify wording. The changes have not led to any effects on the consolidated financial statements.

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).

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.

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.

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 (initial application on January 1, 2023).

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).

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 (initial application on January 1, 2023).

As of the balance-sheet date, amendments to IAS 1 *Classification of Liabilities as Current or Non-Current* as well as to IFRS 16 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.

3.4 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. The OECD is currently preparing the introduction of a global minimum tax (OECD Pillar 2) with the goal of ensuring fair tax competition among countries and preventing 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 potentially impacted, Bilfinger SE is closely following developments on the introduction of a global minimum tax, analyzing the current draft regulations with regard to their impact on the Group and working on the necessary adjustments to the tax reporting processes. Given the complexity of the regulations and the fact that they have not yet been finally implemented in local law, 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) or write-downs 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 as “measured at fair value through profit or loss” (FA-FVtPL) or “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.

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 €4.5 million (previous year: €5.8 million) were recognized. These were attributable in roughly equal parts to the areas of digitalization and the industrial projects of our customers.

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)

3.5 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 COVID-19 pandemic. 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. The carrying amount of other provisions as of December 31, 2022, amounted to €256.0 million (previous year: €236.5 million). 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. The carrying amount of deferred tax assets as of December 31, 2022, was €35.9 million (previous year: €46.7 million).

- 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. In financial year 2022, the expected impact of the Russia-Ukraine war as well as the global COVID-19 pandemic on business development were explicitly taken into consideration. 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.

3.6 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.

3.7 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	
		2022	2021	2022	2021
United Kingdom	GBP	0.8529	0.8596	0.8869	0.8408
Canada	CAD	1.3698	1.4827	1.4440	1.4393
Qatar	QAR	3.8627	4.3340	3.9086	4.1510
Kuwait	KWD	0.3227	0.3570	0.3260	0.3432
Norway	NOK	10.1046	10.1647	10.5138	9.9955
Poland	PLN	4.6878	4.5670	4.6899	4.5994
Saudi Arabia	SAR	3.9560	4.4375	4.0024	4.2615
Sweden	SEK	10.6327	10.1464	11.1218	10.2499
Switzerland	CHF	1.0045	1.0811	0.9847	1.0331
South Africa	ZAR	17.2147	17.4800	18.0986	18.0583
Czech Republic	CZK	24.5637	25.6408	24.1150	24.8600
United Arab Emirates	AED	3.8699	4.3451	3.9116	4.1670
United States	USD	1.0529	1.1826	1.0666	1.1328

4 Consolidated group

4.1 Changes in the consolidated group and inclusion

A total of 21 (previous year: 22) companies in Germany and 69 (previous year: 69) companies based outside of Germany are included in the consolidated financial statements. In the prior year, 1 international company was consolidated for the first time. In addition, 1 company (previous year: 3 companies) in Germany and 0 companies (previous year: 5 companies) based outside of Germany were no longer included in the consolidated group due to a sale or merger. A further 14 (previous year: 14) companies have been accounted for using the equity method. In the reporting year, 2 investments in companies accounted for using the equity method were included for the first time (previous year: 2), while 3 investments in companies accounted for using the equity method were excluded (previous year: 2). Also included were 8 (previous year: 7) German construction joint ventures accounted for using the equity method and 3 (previous year: 4) 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 2022, the activities of an electrical and automation company were acquired as part of an asset deal (*E&M Poland* region).

In the previous year, the activities of a Dutch specialist for rope access to industrial plants at great heights were acquired as part of an asset deal with effect from January 1, 2021, and transferred to the newly established subsidiary Bilfinger Height Specialists B.V., Bergschenhoek, Netherlands, in the *E&M Belgium / Netherlands* region.

These acquisitions had the following effects as of the acquisition date:

EFFECTS AT THE TIME OF ACQUISITION

in € million	Dec 31, 2022	Dec 31, 2021
Recognition of goodwill	–	2.3
Recognition of intangible assets from acquisitions	–	–
Recognition of other intangible assets	–	0.1
Recognition of property, plant and equipment	0.1	–
Recognition of right-of-use assets	–	–
Recognition of inventories	–	0.1
Recognition of total assets	**0.1**	**2.5**
Recognition of other liabilities	–	-0.1
Recognition of total liabilities	**–**	**-0.1**
Purchase price	0.1	2.4

Goodwill resulting from the acquisition in the prior year is mainly attributable to the qualified personnel taken over, as the workforce does not represent an identifiable asset that can be recognized separately from goodwill. As expected, this is fully deductible for tax purposes. The revenue recognized in the consolidated financial statements in the prior year was €1.6 million and earnings after taxes were slightly positive.

4.3 Disposals

In financial year 2022, 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*.

In the previous year, the subsidiary Bilfinger Rohrleitungsbau GmbH from *Other Operations* as well as the shares in the investment accounted for using the equity method Muscat Engineering Consultancy LLC, Muscat, Oman, from the *E&M Middle East* division were sold.

The overall effects of the sales were as follows:

EFFECTS AT THE TIME OF SALE

	2022	2021
Disposal of assets classified as held for sale	0.0	0.0
Disposal of other assets	-5.4	-18.4
Disposal of assets	**-5.4**	**-18.4**
Disposal of liabilities classified as held for sale	0.0	0.0
Disposal of other liabilities	0.0	15.4
Disposal of liabilities	**0.0**	**15.4**
Disposal of net assets	**-5.4**	**-3.0**
Derecognition of minority interest	0.0	0.1
Disposal of intercompany receivables / revival of liabilities	0.0	-1.0
Reclassification of other comprehensive income to the income statement	0.0	3.0
Other changes	**0.0**	**2.1**
Selling price less selling-transaction expenses	8.1	9.6
Capital gain / loss after selling-transaction expenses	2.7	8.7

The capital gain / loss was presented in other operating income and expense. Assets disposed of in the reporting year mainly comprise property, plant and equipment, inventories and customer contract assets. Assets disposed of in the previous year mainly comprised intangible assets as well as receivables and other assets, while liabilities disposed of mainly included trade and other payables and other liabilities. The selling price in the reporting year includes a receivable of €0.3 million, while selling-transaction expenses were €0.8 million (previous year: €0.5 million). Gains from disposals in the prior year resulted for the most part from the disposal of shares in the former joint venture Muscat Engineering Consultancy LLC, Muscat, Oman. The shares were sold to the co-shareholder due to a change in business prospects.

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 €0.8 million (previous year: €2.3 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:

	2022	2021
Revenue	0.8	1.6
Expenses / income	1.2	2.1
Capital gain / loss including impairment	0.0	0.0
EBIT	**2.0**	**3.7**
Interest result	1.6	2.1
Earnings before taxes	**3.6**	**5.8**
Income tax	-3.7	1.0
Earnings after taxes	**-0.1**	**6.8**

The material contribution to earnings in the prior-year 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, 2021.

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	
	2022	2021	2022	2021	2022	2021
in %						
Share industry						
Chemical & other petrochem	40	40	20	25	15	15
Energy & utilities	10	10	10	20	35	35
Oil & gas	25	20	10	15	10	10
Pharma & biopharma	5	5	0	0	35	30
Metallurgy	5	5	0	0	0	0
Cement	0	0	0	0	0	0
Other	15	20	60	40	5	10
Share contract type						
Framework and service	75	75	60	65	5	5
Projects and component manufacturing	25	25	40	35	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, €49.3 million (previous year: €44.3 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, €121.3 million (previous year: €115.6 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 €3.6 million (previous year: €10.5 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 €2,631.9 million (previous year: €2,147.7 million); as anticipated, €2,242.9 million (previous year: €1,777.9 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, 2021, the weighted average rating worsened and, accordingly, the weighted average probability of default increased.

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

	2022	2021
Income from the disposal of tangible assets	12.2	34.5
Income from currency translation and hedging	7.2	10.3
Income from operating investments	2.9	9.2
Income from the reversal of other provisions	4.6	5.8
Other income	2.6	8.5
Total	29.4	68.4

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).

Other income includes numerous items of minor individual importance.

9 Other operating expense

	2022	2021
Restructuring expenses	65.7	16.7
Expenses from currency translation and hedging	11.6	11.6
Expenses from additions to other provisions	2.4	5.2
Losses on the disposal of property, plant and equipment	0.5	2.3
Expenses from operating investments	0.2	0.3
Other expenses	5.5	7.7
Total	85.9	43.8

Restructuring expenses mainly include costs for workforce reductions. In the reporting year, this figure mainly includes 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.

	2022	2021
Personnel expenses (€ million)	**2,046.4**	**1,833.9**
Wages and salaries	1,704.9	1,526.2
Social security costs	288.2	270.4
Pension obligation expenses	53.3	37.3
Average number of employees		
Salaried	**10,146**	**9,948**
Germany	3,041	3,003
International	7,105	6,945
Industrial employees	**19,892**	**19,073**
Germany	3,093	3,318
International	16,799	15,755
Total employees	**30,038**	**29,021**

The total number of employees relates to continuing operations.

11 Depreciation, amortization and impairments

Depreciation of property, plant and equipment and the amortization of other intangible assets amount to €48.6 million (previous year: €49.1 million). This includes impairment losses in the amount of €0.5 million (previous year: €0.5 million). Depreciation and amortization on right-of-use assets from leases are €50.2 million (previous year: €51.8 million). This includes impairment losses of €0.5 million (previous year: €2.1 million), which in the previous year were mainly attributable to the Engineering & Maintenance International reporting segment. In addition, reversals of impairment losses amounting to €1.3 million were recognized in this segment in the previous year.

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:

		2022		2021
Interest income		**5.7**		**17.2**
Current interest expense		-20.2		-22.1
Interest expense from lease liabilities (IFRS 16)		-5.4		-5.7
Interest expense from defined-benefit obligation (DBO)	-3.7		-2.5	
Interest income on plan assets	1.0	-2.7	0.5	-2.0
Interest expense		**-28.3**		**-29.8**
Income on securities		-0.5		8.4
Interest expense for minority interest		-0.9		-1.7
Other financial result		**-1.4**		**6.7**
Total		**-23.9**		**-5.9**

Interest income is generally earned on deposits of cash and cash equivalents with variable interest rates (FA-AC). In both the reporting year and the previous year, interest income was mainly generated by interest on tax receivables.

Current interest expense is mainly incurred on financial debt with fixed and variable interest rates (see Note 26). In mid-June 2020, the interest coupon on the bond was adjusted from 4.500 percent to 5.750 percent due to a change in the rating. In mid-June 2021, the interest coupon fell again to 4.500 percent due to an upgrade in the rating. As of December 31, 2022, the interest coupon remains unchanged at 4.500 percent. Additionally, in October 2021, promissory note loan tranches actually due in April 2022 with a nominal value of €108.5 million were repaid early and scheduled repayment of additional tranches with a nominal value of €9.0 million was made in April 2022, resulting in a corresponding reduction in interest expense in the reporting period (see Note 26).

The result from marketable securities in the prior year mainly included the change in the fair value of the unlisted, equity-like participation rights in Triangle Holding II S.A. (FA-FVtPL) in the amount of €8.4 million.

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.

	2022	2021
Current taxes	8.3	-18.5
Deferred taxes	12.1	10.4
Total	**20.4**	**-8.1**

The tax expense calculated with the tax rate of Bilfinger SE can be reconciled with the reported tax expense as follows:

	2022	2021
Earnings before taxes	51.5	115.3
Theoretical tax expense at 30.95%	16.0	35.7
Tax-rate differences	-5.5	-7.1
Tax-rate effects of non-deductible expenses and tax-free income	0.7	0.5
Losses for which no deferred tax assets are capitalized and changes in value adjustments	21.8	-8.0
Taxes from other accounting periods and other income taxes	-12.6	-29.2
Income tax expense	20.4	-8.1

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, 2022	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021
Intangible assets	9.2	11.3	26.4	23.8
Property, plant and equipment	3.3	3.3	9.8	9.1
Right-of-use assets	0	–	30.4	33.9
Financial assets	9.8	9.7	29.7	29.5
Inventories	68.0	87.4	0.1	0
Receivables and other financial assets	5.3	4.1	78.6	71.2
Other assets	2.9	2.0	0.4	0.6
Non-current liabilities	71.8	99.0	0.3	1.2
Current liabilities	54.9	52.8	37.4	58.6
Outside basis differences	0	–	0.4	0.5
Tax-loss carryforwards	460.0	469.2	0	–
Other tax credits	11.7	12.1	0	–
Total gross	**696.9**	**750.9**	**213.5**	**228.3**
Unrecognized DTA	-458.2	-480.0	0	–
Offsetting	-202.7	-224.2	-202.7	-224.2
Carried in the balance sheet	**35.9**	**46.7**	**10.8**	**4.2**

In the reporting period, deferred taxes in the amount of -€5.3 million (previous year: -€1.2 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 €35.9 million (previous year: €46.7 million) includes future reductions in tax payments of €47.2 million (previous year: €49.1 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. Due to the loss history of the Bilfinger SE tax group as well as of French, South African and U.S. subsidiaries 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 €119.0 million (previous year: €134.1 million).

Non-capitalized tax-loss carryforwards for corporate income tax (or comparable taxes outside Germany) amount to €1,267.0 million (previous year: €1,196.3 million) and for trade tax to €1,375.7 million (previous year: €1,500.3 million). The increase in non-capitalized tax-loss carryforwards for corporate income tax is primarily attributable to current tax losses not to be capitalized and adjustments in prior years. The decrease in non-capitalized tax-loss carryforwards for trade tax is the result of adjustments for previous years in the Bilfinger SE tax group. Of the tax-loss carryforwards not recognized as deferred tax assets, €3.2 million (previous year: €6.5 million) will expire within the next five years, €83.5 million (previous year: €0.0 million) within the ensuing five years and €2.6 million (previous year: €25.8 million) within the ensuing 10 years. Deferred tax assets of €24.1 million (prior year: €19.4 million) were recognized at foreign 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 €339.0 million (previous year: €321.0 million). Deferred tax liabilities of €0.4 million (previous year: €0.5 million) were recognized for the dividend distributions from subsidiaries expected to be received by the German tax group in 2022, which were offset against deferred tax assets of the German tax group. No deferred tax liabilities were recognized for dividend distributions expected to be received by foreign intermediate holding companies in 2023. 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 2023, 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.

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).

	2022	2021
Net profit	28.2	129.5
Weighted average number of shares issued	39,619,128	40,645,491
Effect of dilutive share-based payments	168,804	327,185
Weighted average number of shares for diluted earnings	39,787,932	40,972,676
Basic earnings per share (in €)	**0.71**	**3.19**
thereof from continuing operations	0.71	3.02
thereof from discontinued operations	0.00	0.17
Diluted earnings per share (in €)	**0.71**	**3.16**
thereof from continuing operations	0.71	2.99
thereof from discontinued operations	0.00	0.17

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, 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

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, 2021	48.0	1,122.9	0.0	0.3	1,171.2
Additions to the consolidated group	0.4	2.3	0.0	0.0	2.7
Disposals from the consolidated group	0.0	-3.5	0.0	0.0	-3.5
Additions	0.7	0.0	0.0	0.1	0.8
Disposals	-1.8	0.0	0.0	0.0	-1.8
Reclassifications	0.3	0.0	0.0	-0.3	0.0
Currency adjustments	0.6	17.6	0.0	0.0	18.2
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2021	48.2	1,139.3	0.0	0.1	1,187.6

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, 2021	-44.6	-361.4	0.0	0.0	-406.0
Additions to the consolidated group	-0.3	0.0	0.0	0.0	-0.3
Disposals from the consolidated group	0.0	0.0	0.0	0.0	0.0
Amortization	-1.6	0.0	0.0	0.0	-1.6
Disposals	1.8	0.0	0.0	0.0	1.8
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	-0.7	-0.2	0.0	0.0	-0.9
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2021	-45.4	-361.6	0.0	0.0	-407.0
Carrying amount Dec. 31, 2021	2.8	777.7	0.0	0.1	780.6

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 cash-generating units. Goodwill is distributed among the operating segments as shown in the following table:

	2022	2021
Operating and reportable segments		
Technologies	**149.0**	149.0
E&M United Kingdom	73.0	74.3
E&M Nordics	64.0	68.0
E&M Belgium / Netherlands	68.0	68.0
E&M Germany	101.5	101.5
E&M Austria / Switzerland	65.5	65.1
E&M Poland	35.8	36.0
Engineering & Maintenance Europe	**407.8**	412.9
E&M North America	194.9	184.5
E&M Middle East	31.2	31.3
Engineering & Maintenance International	**226.1**	215.8
Other Operations	–	–
Total	**782.9**	777.7

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 cash-generating unit. 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 0.21 percent for *Technologies*, 0.93 percent for *E&M North America* and 0.11 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 the current COVID-19 pandemic as well as 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. The development of both crises is dynamic. Generally, Bilfinger assumes that the global pandemic has been largely overcome and the macroeconomic situation is gradually improving. In financial year 2022, as a result of the global COVID-19 pandemic and the subsequent volatility of energy prices as well as the restarts of global supply chains, inflationary pressures were evident in the cost of materials; in addition, the supply of labor at acceptable prices is becoming increasingly scarce. Bilfinger continues to expect increased inflation in 2023, but in the medium term expects a return to historical inflation rates of around 2 percent. 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.

Russia's war of aggression against Ukraine has also 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 pronounced 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.

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 participation in upcoming new construction projects at Hinkley Point and other plants. Here, we have received orders that 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 also reflected in a favorable development of orders received in this market sector in 2022.

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 is also robust. Investment activity is also recovering but will not increase to the extent previously expected due to supply chain bottlenecks and inflation concerns. 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 won its first orders in this area in the past financial year. The climate protection targets taken up again by the new 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; Bilfinger therefore expects above-average growth in both regions, also supported by a significantly increased order backlog. This in turn should lead to a reduction in the previous capacity underutilization and thus result in a significant increase in profitability. 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.

To improve profitability and also prepare for potential downturns in the economy, Bilfinger also initiated an efficiency program to optimize indirect functions in October 2022. Provisions of €62 million were recognized for this purpose in financial year 2022. The program is scheduled for implementation in 2023 and will achieve its full savings effect 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, 2022	Dec. 31, 2021
Technologies	14.3	13.7
E&M United Kingdom	10.9	11.1
E&M Nordics	10.9	10.7
E&M Belgium / Netherlands	11.9	11.4
E&M Germany	10.6	10.3
E&M Austria / Switzerland	10.8	10.3
E&M Poland	11.1	10.7
E&M North America	11.5	10.4
E&M Middle East	12.6	11.5
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, 2022.

The revenue figures over the five-year planning period for the main cash-generating units are based on average annual growth rates of between 3.70 percent and 6.86 percent. For all 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 key 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 4 percentage points or a negative deviation of the cash flows used as a basis for the planning figures in the amount of about 40 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. These were fully written off as of December 31, 2020. No new intangible assets were added in either the previous year or the reporting year (see Note 4.2).

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, 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

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, 2021	243.3	250.7	497.9	3.0	994.9
Additions to the consolidated group	0.0	0.0	0.2	0.0	0.2
Disposals from the consolidated group	-2.9	-0.8	-1.6	0.0	-5.3
Additions	3.2	9.3	45.4	2.5	60.4
Disposals	-52.5	-54.1	-31.2	-0.1	-137.9
Reclassifications	0.0	-0.2	1.5	-1.3	0.0
Currency adjustments	1.8	3.5	8.0	-0.1	13.2
Reclassification to the disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2021	192.9	208.4	520.2	4.0	925.5

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, 2021	**-136.9**	**-215.8**	**-372.5**	**0.0**	**-725.2**
Additions to the consolidated group	0.0	0.0	-0.2	0.0	-0.2
Disposals from the consolidated group	2.7	0.7	1.1	0.0	4.5
Depreciations	-4.9	-7.9	-34.1	0.0	-46.9
Disposals	31.7	51.9	27.3	0.0	110.9
Reclassifications	0.0	-0.1	0.1	0.0	0.0
Impairments	-0.5	0.0	0.0	0.0	-0.5
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	-0.8	-2.9	-5.7	0.0	-9.4
Reclassification to the disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2021	**-108.7**	**-174.1**	**-384.0**	**0.0**	**-666.8**
Carrying amount Dec. 31, 2021	**84.2**	**34.3**	**136.2**	**4.0**	**258.7**

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	
	2022	2021	2022	2021	2022	2021	2022	2021
Depreciation in the financial year	-33.1	-34.9	-2.6	-3.1	-14.6	-14.0	-50.3	-51.9
Carrying amount as of Dec. 31	**123.7**	**138.0**	**5.0**	**3.2**	**44.6**	**35.5**	**173.2**	**176.7**

Additions to right-of-use assets including lease modifications during the financial year amounted to €51.0 million (previous year: €48.0 million); the total without lease modifications was €38.2 million (previous year: €36.1 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 €71.7 million (previous year: €57.7 million) were recognized for short-term leases and €11.1 million (previous year: €10.4 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 €139.9 million (previous year: €123.6 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 €93.4 million (previous year: €96.0 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 €4.4 million (previous year: €3.9 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 €0.8 million (previous year: €0.2 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
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
2021			
Carrying amount of investments accounted for using the equity method	9.6	1.8	11.4
Income from investments accounted for using the equity method	2.4	0.7	3.1

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:

	2022	2021
Carrying amount of the investee accounted for using the equity method	10.7	9.6
Group's share of profit / loss from continuing operations	3.3	2.4
Group's share of other comprehensive income for the period	0.0	0.0
Group's share of total comprehensive income for the period	3.3	2.4

18.2 Joint ventures

Significant joint ventures:

Name		Muscat Engineering Consultancy LLC
Principal place of business		Muscat, Oman
Activity		Engineering
Bilfinger share	–	0.0%
	2022	**2021**
Dividends received from the investee	–	6.8
Non-current assets	–	0.0
Current assets not including cash and cash equivalents	–	0.0
Cash and cash equivalents	–	0.0
Non-current liabilities not including financial debt	–	0.0
Current liabilities not including financial debt	–	0.0
Net assets / equity	–	**0.0**
Group's share of net assets	–	0.0
Carrying amount of the investee accounted for using the equity method	–	**0.0**
Revenue	–	17.7
Depreciation and amortization (property, plant and equipment and intangible assets)	–	-0.1
Interest income	–	0.0
Interest expense	–	-0.4
Income tax	–	0.1
Remaining income (loss) from continuing operations	–	0.0
Profit or loss from continuing operations	–	-0.4
Total comprehensive income for the period	–	**-0.4**

Shares in Muscat Engineering Consultancy LLC, Muscat, Oman, were sold in the second half of 2021 (see Note 4.3).

Aggregated disclosure concerning insignificant joint ventures:

	2022	2021
Carrying amount of the investee accounted for using the equity method	**2.0**	1.8
Group's share of profit / loss from continuing operations	1.8	0.9
Group's share of other comprehensive income for the period	0.0	0.0
Group's share of total comprehensive income for the period	**1.8**	0.9

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.

	2022	2021
Loans (FA-AC)	3.3	3.3
Securities (FA-FVtPL)	1.0	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	0.1
Net assets in accordance with IAS 19	0.6	1.0
Other financial assets (FA-AC)	2.0	1.5
Total	**7.3**	7.3

The impairments recognized on loans in accordance with IFRS 9 for expected credit risks developed as follows:

	2022	2021
Opening balance	-3.8	-1.8
Changes in the consolidated group, currency differences, transfer	-2.0	-2.0
Allocations (impairment losses)	–	–
Utilization	–	–
Withdrawals (gains on impairment reversals)	–	–
Closing balance	-5.8	-3.8

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:

	2022	2021
Raw materials and supplies	49.6	43.0
Advance payments made	29.1	21.6
Real estate properties held for sale	0.0	0.1
Finished goods and work in progress	2.0	0.2
Total	80.8	64.9

Cost of sales includes cost of inventories, recognized in expenses, in the amount of €1,529.1 million (previous year: €1,252.2 million).

21 Receivables and other financial assets

	2022	2021
Receivables and customer contract assets		
from trade receivables (including receivables from percentage of completion) (FA-AC)	696.3	557.7
from work in progress (IFRS 15)	345.3	317.0
from consortiums and joint ventures (FA-AC)	1.8	1.3
from companies in which equity is held (FA-AC)	4.7	3.1
	1,048.1	879.1
Derivatives		
not in hedging relationships (FA-FVtPL)	2.8	1.3
	2.8	1.3
Other financial, non-derivative assets (FA-AC)	27.6	28.6
Total	**1,078.5**	909.1

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:

	2022	2021
Opening balance	**-20.9**	**-20.1**
Changes in the consolidated group, currency differences	0.4	-2.6
Allocations (impairment losses)	-6.2	-6.5
Utilization	0.5	4.6
Withdrawals (gains on impairment reversals)	2.4	3.7
Closing balance	**-23.8**	**-20.9**

Distribution of the gross carrying amounts of the receivables to rating categories:

Rating category	Creditworthiness	Gross carrying amount at December 31, 2022	Gross carrying amount at December 31, 2021
1	very high creditworthiness	142.0	126.0
2	high creditworthiness	132.8	154.9
3	good creditworthiness	260.4	197.6
4	relatively good creditworthiness	248.6	146.6
5	moderate creditworthiness	122.1	119.8
6	heightened risk	70.1	91.9
7	high risk	18.1	13.2
8	very high risk	58.9	36.1
9	not creditworthy	3.5	0.6
10	insolvent	9.0	9.0

The previous year's disclosures on allowances for expected credit losses and on the distribution of the gross carrying amounts of the receivables to rating categories have been amended due to legacy items.

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 €11.3 million (previous year: €5.9 million) and prepaid expenses amounting to €19.9 million (previous year: €26.8 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 41,037,328 (previous year: 41,037,328) bearer shares with an arithmetical value of €3.23 (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. On the basis of this authorization, the Executive Board resolved a share buyback program on May 13, 2022, with the approval of the Supervisory Board. The buyback period began on July 1, 2022 (earliest possible acquisition date), and ends no later than March 17, 2023 (latest possible acquisition date). Within the scope of this program, a maximum of up to 4,103,732 treasury shares of Bilfinger SE may be purchased on the stock exchange at a maximum purchase price (excluding incidental costs) of €100 million. The shares that are bought back may be used for all purposes permitted under the authorization of the Annual General Meeting of May 11, 2022. The shares may also be canceled. The share buyback was based on the provisions of

Regulation (EU) No. 596/2014 and Commission Delegated Regulation (EU) 2016/1052. The 2022 share buyback program was completed on November 23, 2022. A total of 3,509,863 shares (8.55 percent of the share capital of Bilfinger SE) at a total value of €99,999,977.60 (excluding incidental costs) were acquired. This corresponds to an average price of €28.49 (excluding incidental costs) per re-acquired share. The number of treasury shares at the balance-sheet date was 3,630,956 (previous year: 320,000) with a carrying amount of -€104.7 million (previous year: -€12.2 million). In the previous year, on the basis of a resolution by the Executive Board on October 21, 2021, and approval by the Supervisory Board on November 9, 2021, a total of 3,171,714 bearer shares were canceled in a simplified procedure without a reduction in share capital by increasing the proportion of share capital represented by the remaining bearer shares, and 416,739 bearer shares were transferred as part of share-based remuneration programs. The carrying amount of the canceled treasury shares was derecognized against other retained earnings.

Through the relevant resolution of the Annual General Meeting of May 15, 2018, the previous approved capital in accordance with Section 3 of the Articles of Incorporation was removed and replaced by a new authorization (approved capital 2018). The Executive Board is authorized, with the consent of the Supervisory Board, until May 14, 2023, to increase the share capital of the company by up to €66,313,563.00 (approved capital 2018). 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 by the issue of up to 4,420,904 new bearer shares with an arithmetical value of €3.00 per share (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

	2022	2021
Distributable earnings	62.0	217.0
Remeasurement of defined-benefit pension plans	-139.9	-197.5
Share-based payments (not relating to the Executive Board)	1.1	1.3
Other retained earnings	370.1	382.3
Total	**293.3**	**403.1**

Distributable earnings and proposal on the appropriation of earnings

It is proposed that the reported distributable earnings of Bilfinger SE for financial year 2022 of €62.0 million be appropriated as follows:

€	Per share	Total
Distribution of a dividend of €1.30 per dividend-entitled share	1.30	48,628,283.60
Carried forward to new account		13,362,951.80
Total		**61,991,235.40**

In financial year 2022, dividends of €193.7 million (previous year: €76.5 million) or €4.75 (previous year: €1.88) 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 €145.3 million before deferred taxes (previous year: €208.1 million) and €139.9 million (previous year: €197.5 million) after consideration of deferred taxes.

Changes in retained earnings from share-based remuneration resulted from the Bilfinger Executive Share Plan 2.0 and another share-based remuneration plan and, in the previous year, also from the Bilfinger 2020 Executive Share Plan and the Extraordinary 2020 Share Bonus 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 previous year, effects from the cancelation of treasury shares (see Note 23).

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. The change in the previous year resulted primarily from the appreciation of the U.S. dollar against the euro.

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 2023 amount to €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
		2022		2021
Discount rate	3.75%	3.00%	1.05%	1.05%
Projected increase in wages and salaries	3.00%	2.50%	2.75%	1.55%
Projected pension increase	2.00%	0.75%	1.60%	0.30%

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 gains from changes in financial assumptions in the reporting year mainly result from the steep increase in the discount rate, while the experience-based remeasurement losses result from the recognition of higher pension adjustment rates for beneficiaries with inflation adjustments for the adjustment dates pending in the near future. 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
			2022			2021
Defined-benefit obligation of funded pension plans	139.9	51.7	191.6	170.2	65.0	235.1
Defined-benefit obligation of non-funded pension plans	164.0	29.6	193.6	204.0	36.8	240.8
Defined-benefit obligation of all pension plans	**303.9**	**81.3**	**385.2**	**374.2**	**101.8**	**475.9**
in percent	79%	21%	100%	79%	21%	100%
Defined-benefit obligation of funded pension plans	139.9	51.7	191.6	170.2	65.0	235.1
Fair value of plan assets	100.5	46.7	147.2	122.9	47.5	170.4
Funded status	**-39.4**	**-5.0**	**-44.4**	**-47.3**	**-17.5**	**-64.7**
thereof provisions for pensions	40.0	5.0	45.0	48.3	17.5	65.7
thereof net asset	0.6	0.0	0.6	1.0	0.0	1.0
Provision for funded pension plans	40.0	5.0	45.0	48.3	17.5	65.7
Provision for non-funded pension plans	164.0	29.6	193.6	204.0	36.8	240.8
Provisions for pensions and similar obligations, total	**204.0**	**34.6**	**238.7**	**252.3**	**54.3**	**306.5**

In the euro zone, the present value of future pension obligations relates mainly to Germany with €265.9 million (previous year: €327.4 million), while a further €32.5 million relates to obligations in Austria (previous year: €40.8 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 provisions	Total	Funded	Funded provisions	Total
			2022			2021
Defined-benefit obligation at January 1	**235.1**	**240.8**	**475.9**	**240.9**	**261.3**	**502.2**
Interest expense	1.4	2.4	3.7	0.9	1.6	2.5
Service cost	1.6	3.8	5.3	2.7	3.1	5.8
Current service cost	*2.4*	*3.8*	*6.2*	*2.7*	*3.7*	*6.4*
Past service cost	*-0.8*	*0.0*	*-0.8*	*0.0*	*0.0*	*0.0*
Gains / losses on settlements	*0.0*	*0.0*	*0.0*	*0.0*	*-0.5*	*-0.5*
Settlement payments	0.0	0.0	0.0	-4.1	-1.0	-5.1
Pension payments	-17.6	-12.1	-29.7	-16.8	-12.3	-29.1
Employee contributions	3.3	0.0	3.3	4.4	-0.0	4.4
Currency adjustments	1.7	-0.7	1.0	2.3	1.9	4.1
Changes in the consolidated group	0.0	0.0	0.0	0.0	-0.2	-0.2
Transfers to / from other companies	-0.7	0.6	-0.1	0.0	-4.2	-4.2
Remeasurement gains (-) / losses (+)	-33.2	-41.2	-74.4	4.7	-9.4	-4.6
from changes in demographic assumptions	*0.0*	*-0.1*	*-0.1*	*-2.5*	*0.0*	*-2.5*
from changes in financial assumptions	*-39.9*	*-56.5*	*-96.4*	*8.7*	*-8.7*	*-0.1*
from experience adjustments	*6.7*	*15.4*	*22.1*	*-1.4*	*-0.6*	*-2.1*
Defined-benefit obligation at December 31	**191.6**	**193.6**	**385.2**	**235.1**	**240.8**	**475.9**

Pension plans, continued >

< Pension plans, begin

PENSION PLANS	Funded	Funded provisions	Total	Funded	Funded provisions	Total
			2022			2021
Fair value of plan assets at January 1	170.4		170.4	162.2		162.2
Interest income on plan assets	1.0		1.0	0.5		0.5
Pension payments	-19.8		-19.8	-14.6		-14.6
Settlement payments	-0.0		-0.0	-4.1		-4.1
Allocations to fund (company contributions)	2.5		2.5	3.5		3.5
Allocations to fund (employee contributions)	3.3		3.3	4.4		4.4
Currency adjustments	1.1		1.1	2.2		2.2
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	-11.3		-11.3	16.2		16.2
Fair value of plan assets at December 31	147.2		147.2	170.4		170.4
Defined-benefit obligation at December 31	191.6	193.6	385.2	235.1	240.8	475.9
Fair value of plan assets at December 31	147.2		147.2	170.4		170.4
Funded status at December 31	-44.5	-193.6	-238.0	-64.7	-240.8	-305.5
Net pension provisions at December 31	45.1	193.6	238.7	65.7	240.8	306.5
Net plan assets at December 31	0.6		0.6	1.0		1.0
Gains / losses recognized in profit or loss						
Current service cost	-2.4	-3.8	-6.2	-2.7	-3.7	-6.4
Past service cost	0.8	0.0	0.8	0.0	0.0	0.0
Gains / losses on settlements	0.0	0.0	0.0	0.0	0.5	0.5
Net interest cost (-) / income (+)	-0.3	-2.4	-2.7	-0.4	-1.6	-2.0
Net pension cost	-1.9	-6.1	-8.0	-3.1	-4.7	-7.9

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 €38.0 million (previous year: €21.0 million).

The weighted average duration of the pension obligations is 11.5 years (previous year: 14.0 years).

COMPOSITION OF PLAN ASSETS

	Dec. 31, 2022	Dec. 31, 2021
Total assets	147.2	170.4
Assets with a quoted market price	124.4	149.1
Cash and cash equivalents	4.7	3.2
Equity instruments (shares Europe, North America, Australia)	1.2	1.2
Debt instruments	32.2	35.4
thereof government bonds	20.6	20.0
thereof investment grade corporate bonds	5.2	6.8
thereof covered bonds	6.5	8.7
Investment funds	86.2	109.3
thereof mixed funds	70.3	89.0
thereof equity funds	10.6	11.5
thereof bond funds	3.3	5.5
thereof real estate funds	1.4	1.8
thereof money-market funds	0.5	1.3
thereof other funds	0.2	0.2
Assets without a quoted market price	22.7	21.3
Real estate properties	6.3	5.5
Qualifying insurance policies	15.3	15.7
Other assets	1.2	0.1

For the following year, contribution payments to pension plans in the amount of €2.5 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

	2023	2024	2025	2026	2027	2028-2032
	26	26	27	27	24	127

Contributions of €71.5 million were paid to state pension insurance institutions (previous year: €68.5 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	-20.1	22.9
Projected increase in wages and salaries	2.7	-2.5
Projected pension increase	21.1	-18.6
	1-year increase	1-year decrease
Life expectancy	17.2	-17.6

25 Other provisions

	Risks relating to contracts and litigation	Warranty risks	Personnel-related obligations	Restruc-turings	Other uncertain liabilities	**Total**
Balance at January 1, 2022	**45.3**	**43.0**	**28.9**	**27.4**	**91.8**	**236.5**
Utilization	-24.5	-4.2	-12.1	-19.5	-17.0	-77.3
Release	-3.0	-5.9	-0.8	-2.5	-20.3	-32.5
Additions	22.3	6.5	11.3	67.3	35.9	143.4
Changes in the consolidated group	0.0	0.0	0.0	0.0	0.0	0.0
Other changes incl. currency adjustments	0.2	-0.2	0.9	-0.3	-14.6	-14.0
Balance at December 31, 2022	**40.3**	**39.2**	**28.2**	**72.4**	**75.8**	**256.0**

MATURITIES OF OTHER PROVISIONS	Non-current		Current		Total	
	2022	2021	2022	2021	2022	2021
Risks relating to contracts and litigation	0.1	0.1	40.2	45.2	40.3	45.3
Warranty risks	1.4	2.1	37.8	40.9	39.2	43.0
Personnel-related obligations	15.0	17.5	13.3	11.5	28.2	28.9
Restructuring measures	0.0	0.0	72.4	27.4	72.4	27.4
Other uncertain liabilities	0.8	1.0	75.1	90.8	75.8	91.8
Total	**17.3**	**20.7**	**238.8**	**215.8**	**256.0**	**236.5**

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 include mainly expenses for staff reductions. As communicated in the ad-hoc release of November 8, 2022, the Executive Board of Bilfinger SE has decided to initiate a program to increase efficiency with the aim of standardizing work processes in administration, simplifying structures, reducing costs and, simultaneously, investing in the training and further education of the workforce. These efforts are expected to result in future annual savings of roughly €55 million, of which around a quarter will be reinvested in training and continuing education each year. As part of the efficiency program, around 750 employees (full-time equivalents) will be made redundant in administration and indirect areas in financial year 2023. Provisions of €62.4 million have been recognized for the efficiency program, mainly for obligations in connection with the workforce reduction, and are reported under other operating expense (see Note 9).

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. In the reporting year, amounts relating to tax liabilities were reclassified from other uncertain liabilities to tax liabilities for the sake of transparency and in particular to improve the presentation of a true and fair view of the net assets, financial position and results of operations.

26 Financial debt

	Non-current		Current		Total	
	2022	2021	**2022**	2021	**2022**	2021
Bonds (FL-AC)	248.9	248.0	6.4	0,0	255.3	248.0
Promissory note loans (FL-AC)	5.5	5.5	0,0	9.0	5.5	14.5
Other financial debt (FL-AC)	1.3	1.7	0.3	0.3	1.6	1.9
Lease liabilities (IFRS 16)	133.2	139.9	47.9	45.0	181.1	185.0
Financial debt	**388.9**	395.1	**54.7**	54.3	**443.5**	449.4

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.

Financial debt developed as follows:

	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**

	Jan. 1, 2021	Cash changes	Non-cash changes				Dec. 31, 2021
			Change in the consolidated group	Additions to / disposals of lease liabilities	Reclassification to the disposal group	Changes in fair value and other	
Bonds	250.0	–	–	–	–	-2.0	248.0
Promissory note loans	123.0	-108.5	–	–	–	–	14.5
Other financial debt	2.2	-0.3	–	–	–	–	1.9
Lease liabilities (IFRS 16)	192.9	-49.9	-0.1	39.7	2.3	–	185.0
Financial debt	**568.1**	**-158.7**	**-0.1**	**39.7**	**2.3**	**-2.0**	**449.4**

27 Trade and other payables

	2022	2021
Liabilities from derivatives, non-current, not in hedging relationships (FL-FVtPL)	0.0	2.3
Other non-current financial, non-derivative liabilities (FL-AC)	0.0	0.2
Other non-current liabilities	**0.0**	**2.5**
Trade payables (FL-AC)	427.7	337.2
Advance payments received and offsetting items for work in progress (customer contract liabilities) (IFRS 15)	214.6	143.5
Liabilities to joint ventures and consortiums (FL-AC)	16.1	18.5
Liabilities to companies in which equity is held (FL-AC)	2.6	3.1
	661.0	**502.3**
Liabilities from derivatives, current, not in hedging relationships (FL-FVtPL)	1.9	2.1
Other current financial, non-derivative liabilities (FL-AC)	124.1	137.0
Trade and current other payables	**787.0**	**641.4**

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

	2022	2021
Liabilities for sales tax and other taxes	73.7	62.0
Personnel obligations	89.6	92.3
Social-security levies	32.3	29.3
Deferred income and / or accrued expenses	12.5	13.7
Total	**208.1**	197.3

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
				2022		2021
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	29.6	29.6	30.2	30.2
Securities (FA-FVtOCI-DI)	1	FA-FVtOCI-DI	0.2	0.2	0.2	0.2
Receivables	2	FA-AC	702.8	702.8	562.1	562.1
Contract assets		(IFRS 15)	345.3		317.0	
Securities (FA-FVtPL)	3	FA-FVtPL	1.0	1.0	1.0	1.0
Marketable securities	1	FA-FVtPL	14.9	14.9	49.9	49.9
Marketable securities	1	FA-AC	0.0	0.0	140.0	140.0
Cash and cash equivalents	1	FA-AC	573.4	573.4	642.9	642.9
Derivatives						
Not in hedging relationships	2	FA-FVtPL	2.8	2.8	1.4	1.4

Carrying amounts and fair values, continued >

< Carrying amounts and fair values, begin

	Level according to IFRS 13 hierarchy	IFRS 9 category	Carrying amount	Fair value	Carrying amount	Fair value
				2022		2021
Equity & liabilities						
Financial debt, bonds	1	FL-AC	255.3	249.6	248.0	269.0
Financial debt, promissory note loans	2	FL-AC	5.5	5.4	14.5	14.5
Financial debt, other	2	FL-AC	1.6	1.6	1.9	1.9
Lease liabilities		(IFRS 16)	181.1		185.0	
Liabilities	2	FL-AC	446.4	446.4	358.8	358.8
Contract liabilities		(IFRS 15)	214.6		143.5	
Other non-derivative liabilities	2	FL-AC	124.1	124.1	137.3	137.3
Derivatives						
Not in hedging relationships	2	FL-FVtPL	1.9	1.9	4.3	4.3
Aggregated presentation by measurement category						
Financial assets measured at fair value through profit or loss		FA-FVtPL	18.7	18.7	52.3	52.3
Financial liabilities measured at fair value through profit or loss		FL-FVtPL	1.9	1.9	4.3	4.3
Financial assets measured at amortized cost		FA-AC	1,309.1	1,309.1	1,378.5	1,378.5
Financial liabilities measured at amortized cost		FL-AC	832.9	827.1	760.5	781.5
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 €97.5 million (previous year: €101.4 million) which is excluded from the scope of IFRS 7.

In accordance with IFRS 9, contract assets and contract liabilities are not financial instruments. Presentation has been adjusted accordingly in these consolidated financial statements.

	Level	Recognized at fair value	Fair value information only in the notes	Recognized at fair value	Fair value information only in the notes
			2022		2021
Aggregated presentation by level in the IFRS 13 hierarchy					
Assets	1	15.1	573.4	50.1	782.9
	2	2.8	735.7	1.4	595.6
	3	1.2	0.0	1.2	0.0
Liabilities	1	0.0	249.6	0.0	269.0
	2	1.9	577.5	4.3	512.5
	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. Cash (reporting year: €228.4 million; previous year: €440.0 million) and cash equivalents (reporting year: €345.0 million; previous year: €202.9 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:

		2022	2021
Valuation category			
Financial assets and financial liabilities at fair value through profit or loss	FA-FVtPL & FL-FVtPL	-11.9	-3.2
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	4.0	7.3
Financial liabilities at amortized cost	FL-AC	0.3	0.2

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 €2.8 million (previous year: €1.3 million); the carrying amount of the corresponding derivatives with negative fair values is €1.9 million (previous year: €4.3 million). The offsettable amount is €0.4 million (previous year: €1.0 million). This results in arithmetical net assets of €2.4 million (previous year: €0.3 million) and net liabilities of €1.5 million (previous year: €3.3 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 by Corporate Treasury. 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, external financing can result in a worsened dynamic gearing ratio. This metric is limited by 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 on a recourse basis 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.

Investment financing is carried out with consideration of matching maturities. To finance working capital, Bilfinger has a €300 million pre-approved syndicated credit line at attractive conditions that is in place until December 2027. 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, 2022, 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 on a recourse basis.

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, 2022, and December 31, 2021 (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	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	–	–	–	–
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	–	–	–	–

	Carrying amount	Total	2022	2023	2024	2025-2028	>2028
2021							
Financial debt, bonds	248.0	**-283.8**	-11.3	-11.3	-261.3	–	–
Financial debt, promissory note loans	14.5	**-15.3**	-9.4	-0.1	-5.7	–	–
Financial debt, other	1.9	**-1.9**	-0.6	-0.3	-0.4	-0.6	–
Lease liabilities (IFRS 16)	185.0	**-203.0**	-49.7	-42.9	-36.4	-59.1	-14.9
Liabilities	358.8	**-358.8**	-358.8	–	–	–	–
Other financial, non-derivative liabilities	137.3	**-137.3**	-137.0	-0.1	-0.1	-0.1	–
Derivative financial liabilities to be fulfilled on a net basis	–	**–**	–	–	–	–	–
Derivative financial liabilities to be fulfilled on a gross basis	4.3	**–**	–	–	–	–	–
Payments received		**218.8**	186.1	32.7	–	–	–
Payments made		**-201.6**	-165.7	-35.9	–	–	–
		17.2	20.4	-3.2	–	–	–

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 and financial position. 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 and British pound, which are closely linked to the U.S. dollar, as well as the 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 €0.5 million (previous year: €0.2 million) for the currency risk.

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 and financial position. Bilfinger counters these risks by concluding relevant financial transactions with such banks that have a short-term public rating of at least A. 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.

	2022	2021
Derivatives with positive fair values		
not in hedging relationships		
Currency derivatives	2.8	1.4
	2.8	**1.4**
Total derivatives with positive fair values	**2.8**	**1.4**
Derivatives with negative fair values		
Not in hedging relationships		
Currency derivatives	1.9	4.3
	1.9	**4.3**
Total derivatives with negative fair values	**1.9**	**4.3**

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.

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), which we therefore use as a significant key performance indicator. As of December 31, 2022, this indicator was well below the permissible threshold.

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, 2022 (December 31, 2021: 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

	2022	2021
Liabilities from guarantees	18.7	23.3

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 €12.3 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 financial position, cash flows or profitability.

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 multiple-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 new LTI introduced in the previous year will be 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 2020-2022 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 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 STI 2021, adjusted EBITA was adjusted for the proceeds from the disposal of non-operating properties and free cash flow was adjusted for the contribution from the disposal of non-operating properties and for the contributions from project disputes that did not occur in 2021. For the LTI tranches 2020-2022 and 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.

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 relief 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 relief 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 relief fund and are based on annual contributions contractually agreed by the company to the relief fund for the members of the Executive Board which are recognized in profit or loss. All future pension entitlements are fully funded, so that there is no further burden on the company when the benefits fall due.

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 corresponding investment in Bilfinger shares has not yet been made due to ongoing and overlapping (potential) insider situations.

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	2022	2021
Non-performance-related remuneration		
Fixed remuneration	4,196[1]	2,599
Fringe benefits	67	48
Performance-related remuneration		
Short-term incentive	2,010	3,120
Long-term incentive	2,050	2,959
Total remuneration	**8,323**	8,726

1: Including an inaugural payment of €1,500 thousand to Dr. Schulz (thereof €1,000 thousand share-based)

Total remuneration for key management personnel as defined by IAS 24 was €15,623 thousand (previous year: €11,890 thousand). Of that amount, €7,269 thousand was accounted for by short-term benefits (previous year: €7,258 thousand), €395 thousand by post-employment benefits (previous year: €793 thousand), €4,664 thousand by termination benefits (previous year: €880 thousand) and €2,935 thousand by share-based payment (previous year: €2,959 thousand). Termination benefits include 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 €2,395 thousand (previous year: €2,620 thousand) was recognized for short-term benefits not yet paid at the end of the reporting year and €1,135 thousand (previous year: €0 thousand) for termination benefits.

The total remuneration paid to former members of the Executive Board or their surviving dependents amounted to €9,357 thousand (previous year: €3,030 thousand). The present value of future pension obligations for those persons calculated in accordance with IAS 19 amounts to €24,119 thousand (previous year: €28,149 thousand).

Total remuneration of the members of the Supervisory Board amounts to €1,889 thousand (previous year: €1,447 thousand), plus reimbursement of expenses in the amount of €82 thousand (previous year: €44 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). In the previous year, a new LTI was introduced with a one-year performance period followed by a 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 previous LTI also included an annual allocation of PSUs. According to this, the number of the PSUs is subject to adjustment during a three-year performance period depending on the achievement of the average ROCE target value as well as the development of the total shareholder return value (TSR value) of the Bilfinger share in relation to the TSR value of the shares of MDAX-listed companies. At the end of the performance period, members of the Executive Board receive a number of real shares corresponding to the final number of PSUs. The determination of the fair value of a PSU is based on the requirements of IFRS 2 for equity-settled share-based payments at the time of granting. The measurement is conducted on the basis of a recognized financial-mathematical method. In the Monte Carlo simulation used for this purpose, a large number of possible development paths of the Bilfinger share were simulated, in addition to comparative values from the MDAX. The parameters underlying the measurement were derived in a systematic process. Annualized volatility and correlations were determined on the basis of historical daily returns. The risk-free interest rate was determined on the basis of the level of return of German government bonds with matching maturities. The following average parameter values were taken into consideration in the previous year when assessing the LTI:

Annualized volatility of the Bilfinger share	39.8%
Average annualized volatility of MDAX companies	32.7%
Average correlation of the Bilfinger share to MDAX securities	34.6%
Risk-free interest rate	-0.8%

The portion of the inaugural payment to Dr. Schulz (see Note 33) that is to be invested in Bilfinger shares is accounted for as a share-based payment settled in equity instruments in accordance with IFRS 2.

In the reporting year, 113,113 (previous year: 121,628) virtual shares were granted to the Executive Board. The weighted average fair value of these shares at the time of granting was €26.97 (previous year: €24.32).

In the previous year, the Bilfinger Executive Share Plan 2.0 (ESP 2.0) was introduced 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 €23.47 (previous year: €22.95), 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 2017, the Bilfinger 2020 Executive Share Plan was introduced which presents a one-time long-term remuneration in the form of virtual shares with a term of four years for top management. The share options were provided in tranches each representing 20 percent of the target amount for the years 2017 until 2019 as well as 40 percent of the target amount for the year 2020 and granted an entitlement to shares in Bilfinger SE which the beneficiaries received following the fulfillment of the plan conditions at the end of the term. For each financial year of the plan term, the Executive Board defined target values for the adjusted EBITA margin. If these were not met, the conditional share option for the relevant tranche was forfeited.

In financial year 2020, the Extraordinary 2020 Share Bonus Plan was granted, which represented a one-time compensation in the form of virtual shares with a term until the end of the financial year for senior executives. Upon achievement of the target figures for adjusted EBITA and reported free cash flow set by the Executive Board for the 2020 financial year, the entitlement to Bilfinger SE shares vested.

In the previous year, there was a settlement with shares of Bilfinger SE for both the Bilfinger 2020 Executive Share Plan and the Extraordinary 2020 Share Bonus Plan.

In financial year 2020, a further 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 reporting year.

The development of the number of virtual shares from all share-based payment plans is shown in the following table.

	2022	2021
Outstanding virtual shares at January 1	250,058	281,657
Virtual shares granted in the reporting year	226,069	315,928
Virtual shares forfeited in the reporting year	158,702	64,393
Finally allocated virtual shares at December 31	210,155	283,134
Outstanding virtual shares at December 31	107,270	250,058

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 €3.9 million (previous year: €3.9 million).

Share-based payments had the following effect on equity:

The capital reserve changed by -€5.9 million (previous year: €1.2 million) due to an increase of €2.9 million (previous year: €3.0 million) resulting from the offsetting entry against the expense recognized for the LTI and the share-based portion of the inaugural payment to Dr. Schulz and a decrease of -€8.9 million (previous year: decrease of -€1.8 million) due to the transfer of shares under the LTI and the payment of the first instalment of the inaugural payment.

The change of -€1.4 million (previous year: -€13.4 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 €0.6 million (previous year: €1.0 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 reporting year and the Bilfinger 2020 Executive Share Plan and the Extraordinary 2020 Share Bonus Plan in the previous year in the amount of -€14.4 million.

Treasury shares decreased by €7.6 million (previous year: €15.9 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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Revenue	0.1	0.1	16.0	11.8	0.0	0.1	0.0	0.0
Services received	55.6	47.4	0.0	0.0	0.9	0.9	0.0	0.0
Receivables	1.7	0.7	5.3	4.6	0.1	0.3	1.8	1.9
Liabilities	1.5	1.0	0.0	0.8	1.1	1.2	16.1	18.5
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 15, 2021, the investment company Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, holds 26.67 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 2022 by the external auditors, PriceWaterhouseCoopers. Insofar as these services relate to PriceWaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, the fees are shown as 'thereof' in the following table.

	2022	2021
Audit services	2.8	2.4
thereof in Germany	1.2	1.1
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	0.1
thereof in Germany	0.0	0.0
Total	**2.9**	2.6

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. In the previous year, fees for other services included project-related consulting services.

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, 2022, and on that date was made permanently available to the shareholders on Bilfinger's website.

38 Events after the balance-sheet date

There were no significant events after the balance-sheet date.

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 Industrial Services Germany GmbH, Burghausen	100
Bilfinger Infrastructure Services GmbH, Wiesbaden	100
Bilfinger Tebodin Germany GmbH, Oberhausen	100
BIS Equipment Service GmbH, Munich	100
BIS Industrieservice Mitte GmbH, Frankfurt am Main	100
R&M Baudienstleistungen GmbH, Munich	100
Sönnichsen & Görtz Baugesellschaft mbH, Hamburg	100

A. FULLY CONSOLIDATED COMPANIES

III. International	Equity interest %
Babcock Borsig Service Arabia Ltd., Dammam, Saudi Arabia	100
Bilfinger Berger (Canada) Inc., Burnaby, British Columbia, 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 Hungária Kft., Budapest, Hungary	100
Bilfinger Construction UK LIMITED, Manchester, United Kingdom	100
Bilfinger Danmark A/S, Esbjerg, Denmark	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, Vienna, Austria	100
Bilfinger Guangzhou Engineering & Technologies Co., Ltd., Guangzhou, People's Republic of China	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 Austria GmbH, Linz, Austria	100
Bilfinger Industrial Services Polska Sp. z o.o., Warsaw, Poland	100
Bilfinger Industrial Services Switzerland 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	50[1)]
Bilfinger Life Science GmbH, Puch bei Hallein, Austria	100
Bilfinger LTM Industrie SAS, Toussieu, France	100
Bilfinger Maschinenbau Beteiligungs GmbH, Linz, Austria	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 Prefal - Isolamentos Térmicos, Unipessoal Lda, Lisbon, Portugal	100
Bilfinger ROB B.V., Terneuzen, Netherlands	100
Bilfinger ROB N.V., Zwijndrecht, Belgium	100
Bilfinger Salamis UK Limited, Aberdeen, United Kingdom	100
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., Voluntari, Romania	100
Bilfinger Tebodin Rus, LLC, Moscow, Russia	100
Bilfinger Tebodin Slovakia s.r.o., Bratislava, Slovakia	100
Bilfinger Tebodin Ukraine CFI, Kiev, Ukraine	
Bilfinger UK Limited, Warrington, United Kingdom	100

Bilfinger VAM Anlagentechnik GmbH, Wels, Austria	100
Centennial Contractors Enterprises Inc., Reston, Virginia, USA	100
FCC LLC, Clayton, Missouri, USA	100
Multiserwis Sp. z o.o., Krapkowice, Poland	100
Steinmüller Africa (pty) Ltd., Rivonia, South Africa	83
Tebodin Malaysia SDN. BHD., Kuala Lumpur, Malaysia	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, Vienna, Virginia, 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
Veterans 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
BIS EnTech GmbH, Munich	100
Bromit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	94
PR France GmbH, Aarbergen	100
Willich Beteiligungen GmbH, Munich	100

C. NON-CONSOLIDATED COMPANIES II. International	Equity interest %
Babcock Borsig Service Hellas E.P.E., Athens, Greece	100
Bilfinger One Belgium BV, Zwijndrecht, Belgium	100
BMO B.V., Oosterhout, Netherlands	100
Deutsche Babcock Nigeria Ltd., Abuja, Nigeria	70
Malmö Citytunnel Group Handelsbolag, Malmö, Sweden	50
Tebodin Design & Engineering Technology Libya JSC, Tripoli, Libya	60
Zaklad Remontowy Transformatorów i Silników sp. z o.o., Warsaw, Poland	100

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 Neuer Kaiser-Wilhelm-Tunnel, Oberbau, Wiesbaden	50
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, March 1, 2023
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, March 1, 2023
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 2022, 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 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 2022. 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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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 2022. 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 € 4,312,0 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 “3.4 Significant accounting policies”, “3.5 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 (25.7 % of total assets or 72.6 % 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 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 “3.4 Significant accounting policies”, “3.5 Assumptions 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-2022-12-31.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 2022 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 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the 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 11 May 2022. We were engaged by the supervisory board on 24 May 2022. 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, 1 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Wolfgang Fischer	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 2022 (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.

Independence and Quality Control of the Audit Firm

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 ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 2022 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, 1 March 2023
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke ppa. Benjamin Wolf
Wirtschaftsprüferin
[German public auditor]

D.4 Return-on-capital-employed controlling

in € million	Engineering & Maintenance Europe 2022	2021	Engineering & Maintenance International 2022	2021	Technologies 2022	2021	Total of segments 2022	2021	Reconciliation Group 2022	2021	Total Continuing operations 2022	2021
Goodwill	410.5	410.9	228.4	211.2	149.0	149.0	787.9	771.1	-0.0	0.0	787.9	771.1
Property, plant and equipment	191.4	178.2	14.6	23.5	13.1	14.4	219.1	216.2	35.5	44.7	254.6	260.9
Other non-current assets	148.7	164.0	32.7	34.0	26.6	26.2	208.0	224.2	29.0	38.9	237.0	263.1
Current assets	721.4	626.6	243.2	210.3	193.2	193.0	1,157.8	1,029.8	659.2	925.5	1,817.0	1,955.4
Segment assets	**1,471.9**	1,379.8	**518.9**	479.0	**381.9**	382.5	**2,372.7**	2,241.4	**723.7**	1,009.1	**3,096.4**	3,250.4
Segment liabilities	637.8	584.1	171.0	179.2	232.1	212.4	1,040.9	975.7	844.5	1,054.6	1,885.5	2,030.3
Interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-699.2	-868.8	-699.2	-868.8
Non-interest-bearing liabilities	**637.8**	584.1	**171.0**	179.2	**232.1**	212.4	**1,040.9**	975.7	**145.3**	185.8	**1,186.2**	1,161.5
Balance	**834.1**	795.7	**347.9**	299.9	**149.8**	170.1	**1,331.8**	1,265.7	**578.4**	823.2	**1,910.2**	2,088.9
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	122.2	94.7	0.0	9.2	98.3	76.7	220.6	180.7	-220.6	-180.7	0.0	0.0
Operating financial assets	**122.2**	94.7	**0.0**	9.2	**98.3**	76.7	**220.6**	180.7	**-220.6**	-180.7	**0.0**	0.0
Capital employed	**956.4**	890.4	**347.9**	309.1	**248.1**	246.9	**1,552.4**	1,446.4	**357.9**	642.6	**1,910.2**	2,088.9

Return-on-capital-employed controlling, continued >

< Return-on-capital-employed controlling, begin

	Engineering & Maintenance Europe		Engineering & Maintenance International		Technologies		Total of segments		Reconciliation Group		Total Continuing operations	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
in € million												
EBITA	104.7	115.5	-8.4	-17.6	8.4	19.2	104.7	117.1	-29.3	4.0	75.5	121.2
EBIT	104.7	115.5	-8.4	-17.6	8.4	19.2	104.7	117.1	-29.3	4.0	75.5	121.2
Interest income and income from securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.3	25.6	5.3	25.6
Interest income, division-related (2.31% / previous year 2.31%)	2.8	2.2	0.0	0.2	2.3	1.8	5.1	4.2	-5.1	-4.2	0.0	0.0
Taxes	-15.9	-20.2	0.3	-0.9	0.1	-3.2	-15.5	-24.3	-4.9	32.4	-20.4	8.1
Return	91.6	97.5	-8.0	-18.3	10.7	17.8	94.3	97.0	-34.0	57.9	60.3	154.9
ROCE (return on capital employed)	9.6%	11.0%	-2.3%	-5.9%	4.3%	7.2%	6.1%	6.7%	-	-	3.2%	7.4%
WACC (weighted average cost of capital)	8.3%	8.2%	9.5%	8.9%	10.5%	10.3%	8.6%	8.5%	-	-	8.9%	8.5%
Value added, relative	1.2%	2.8%	-11.8%	-14.8%	-6.2%	-3.1%	-2.6%	-1.8%	-	-	-5.7%	-1.1%
Value added, absolute	11.9	24.5	-41.0	-45.8	-15.3	-7.7	-44.4	-29.0	-65.2	5.6	-109.5	-23.4

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 since March 1, 2022, appointed until February 28, 2027
CEO and Labor Director

Division:
Technologies (since September 14, 2022)

Regions:
E&M Germany | E&M Belgium and Netherlands | E&M Austria and Switzerland | E&M United Kingdom | E&M Nordics | E&M Poland | E&M North America | E&M Middle East (each since September 14, 2022)

Communications & Public Affairs | Compliance, Legal & Insurance | Global Development (since September 14, 2022) | HR | Health, Safety, Environment & Quality (HSEQ) (since September 14, 2022) | 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)

Information on the boards, the board members and the responsibilities relate, unless stated otherwise, to December 31, 2022 or to the date of resignation (where indicated).

Matti Jäkel
Member of the Executive Board since July 1, 2022, appointed until June 30, 2025
CFO

Division:
Other Operations

Accounting, Controlling & Tax | Bilfinger Infrastructure Mannheim | 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)

Christina Johansson
Member of the Executive Board until June 30, 2022
CFO until June 30, 2022
Interim CEO and Labor Director until February 28, 2022

Division:
Other Operations

Accounting, Controlling & Tax | Bilfinger Infrastructure Mannheim | Communications & Public Affairs (until February 28, 2022) | HR (until February 28, 2022) | Internal Audit & Investigations | IT | Legal & Insurance (until February 28, 2022) | Procurement | Real Estate | Strategy & M&A (until February 28, 2022) | Treasury & Investor Relations

Memberships in other statutory supervisory boards of other German companies:
ABOUT YOU Holding SE[1], Hamburg (member)

Memberships in comparable monitoring boards of other German and foreign companies:
Emmi AG[1], Lucerne, Switzerland (non-executive member of the Board)

Duncan Hall

Member of the Executive Board until September 13, 2022

COO until September 13, 2022

Division:

Technologies

Regions:

E&M Germany | E&M Belgium and Netherlands | E&M Austria and Switzerland | E&M United Kingdom | E&M Nordics | E&M Poland | E&M North America |E&M Middle East

Compliance (until February 28, 2022) | Global Development | Health, Safety, Environment & Quality (HSEQ) | Operational Excellence

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[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 Maintenance GmbH, Heinsberg
Chairman of the Bilfinger Segment Works Council Engineering & Maintenance, Neu-Isenburg

Information on the boards and the board members relate, unless stated otherwise, to December 31, 2022 or to the date of resignation (where indicated).

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 member of the 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

Section Head, Target Group Work and Equality, IG Metall, Frankfurt am Main

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 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 (from February 1, 2023)

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, Neu-Isenburg

Other (material) activities:
Employee of Bilfinger arnholdt GmbH, Gelsenkirchen
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

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[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

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[1] Employee representative

Ten-year overview

GROUP BALANCE SHEET

in € million

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assets										
Non-current assets	3,012	2,491	1,525	1,690	1,643	1,614	1,676	1,313	1,281	1,262
Intangible assets	2,015	1,639	895	849	804	804	803	765	781	787
Property, plant and equipment	629	477	471	383	367	324	312	270	259	246
Rights of use from leases	–	–	–	–	–	–	227	189	177	173
Other non-current assets	196	136	40	337	386	412	274	33	19	20
Deferred taxes	172	239	119	121	86	75	61	56	47	36
Current assets	3,520	3,514	3,660	2,329	1,977	1,862	1,678	1,943	1,867	1,790
Inventories, receivables, other	2,213	1,753	1,380	1,216	1,198	1,237	1,179	1,432	1,035	1,202
Cash and cash equivalents[1]	647	359	427	1,032	767	574	500	511	833	588
Assets classified as held for sale	660	1,402	1,853	81	12	50	–	–	–	–

Ten-year overview, Group, continued >

< Ten-year overview, Group, begin

GROUP BALANCE SHEET

in € million

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equity & liabilities										
Equity	2,165	1,917	1,418	1,621	1,383	1,205	1,153	1,199	1,289	1,078
Share capital	138	138	138	138	133	133	133	133	133	133
Reserves	1,972	1,805	1,124	1,562	1,270	1,191	1,138	1,143	986	995
Treasury shares	-99	-97	-97	-97	-39	-150	-150	-150	-12	-105
Distributable earnings	138	92	292	46	44	44	44	83	195	65
Minority interest	16	-21	-39	-28	-25	-13	-12	-11	-12	-10
Non-current liabilities	1,146	1,061	901	898	874	363	917	886	729	656
Pensions for provisions and similar obligations	417	400	295	304	293	288	338	340	307	239
Other provisions	55	45	31	29	27	25	24	22	21	17
Financial liabilities, recourse	517	514	513	510	509	11	551	521	395	389
Financial liabilities, non-recourse	13	13	–	–	–	–	–	–	–	–
Other liabilities	49	22	2	–	–	–	–	–	3	–
Deferred taxes	95	68	60	55	45	39	4	3	4	11
Current liabilities	3,221	3,027	2,866	1,500	1,363	1,908	1,285	1,171	1,131	1,318
Deferred tax liabilities	115	84	39	39	34	34	25	24	22	30
Other provisions	482	360	512	489	442	384	302	300	216	239
Financial liabilities, recourse	28	7	13	12	2	502	50	47	54	55
Financial liabilities, non-recourse	28	27	–	–	–	–	–	–	–	–
Other liabilities	1,907	1,484	1,156	892	859	963	908	800	839	995
Liabilities classified as held for sale	661	1,065	1,146	68	26	26	–	–	–	–
Balance-sheet total	6,532	6,005	5,185	4,019	3,620	3,476	3,355	3,256	3,149	3,052

2013 pro forma: Adjusted for discontinued operations: Construction and Offshore Systems
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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Orders received	7,513	5,510	4,301	4,056	4,055	4,459	4,159	3,724	4,008	4,615
Order backlog	6,476	4,401	2,902	2,618	2,531	2,818	2,567	2,585	2,946	3,226
Revenue / output volume[1]	7,552	6,246	5,003	4,219	4,044	4,153	4,327	3,461	3,737	4,312
Investments	391	258	66	72	76	67	65	37	63	52
Property, plant and equipment	140	117	62	70	71	66	64	37	61	52
Financial assets	251	141	4	2	5	1	2	0	2	0
Employees (at year-end)	71,127	57,571	42,365	36,946	35,644	35,905	33,327	28,893	29,756	30,309
Earnings figures										
Gross profit	1,052	794	431	395	336	391	412	296	387	437
EBITA	349	207	-157	-221	-118	-7	32	-57	121	75
thereof special items	-71	-55	-25	-236	-121	-73	-72	-77	-16	-65
EBITA adjusted	415	262	-23	15	3	65	104	20	137	140
EBIT	298	170	-501	-231	-126	-12	28	-66	121	75
Net profit	173	-71	-510	271	-89	-24	24	99	130	28
Net profit adjusted	251	160	-30	-8	-9	36	49	-8	89	82
Operating cash flow	210	34	39	-224	-119	50	110	120	113	166
Free cash flow	294	105	2	-264	-181	-4	57	93	115	136
Free cash flow per share in €[2]	4.76	0.77	0.88	-5.07	-2.71	1.21	2.74	2.99	2.80	3.31
Earnings per share in €	3.91	-1.62	-11.54	6.13	-2.01	-0.59	0.60	2.47	3.19	0.71
Earnings per share in € adjusted	5.69	3.62	-0.68	-0.17	-0.19	0.87	1.23	-0.20	2.19	2.06

Ten-year overview, Business development, continued >

< Ten-year overview, Business development, begin

BUSINESS DEVELOPMENT

in € million	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Profitability ratios										
Gross margin in %	13.9	12.7	8.6	9.4	8.3	9.4	9.5	8.6	10.4	10.1
EBITA margin in %	–	–	–	–	–	–	–	–	3.2	1.8
EBITA margin adjusted in %	5.5	4.2	-0.5	0.4	0.1	1.6	2.4	0.6	3.7	3.2
Return on equity (adjusted net profit) in %	12.3	7.8	-1.8	-0.6	-0.6	3.0	4.2	-0.7	6.9	7.6
Return on capital employed (ROCE) in %	13.9	11.9	-30.0	-13.8	-5.5	0.1	1.8	6.9	7.4	3.2
Value added	157	43	-704	-380	-304	-154	-141	-38	-23	-110
BILFINGER SE										
Dividend distribution	132.5	88.4	–	44.2	42.0	40.3	4.8	75.8	193.4	48.6
Dividend per share in €	3.00	2.00	–	1.00	1.00	1.00	0.12	1.88	1.00	1.30[4]
Dividend bonus in €	–	–	–	–	–	–	–	–	3.75	–
Share price at year-end in €	81.53	46.35	43.47	36.57	39.57	25.48	34.50	25.86	29.90	27.08
Number of shares at year-end[3]	46,024,127	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

All figures refer to continuing operations, unless stated otherwise.
2013 continuing operations (excl. Concessions, Construction and Offshore Systems)
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 2013-2016 | 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 2013: 1,866,365 | 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

April 20, 2023
Annual General Meeting

May 11, 2023
Quarterly statement Q1 2023

August 14, 2023
Quarterly statement Q2 2023
Half-year financial report 2023

November 13, 2023
Quarterly statement Q3 2023

December 5, 2023
Virtual Year-End Lunch Meeting 2023

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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 adjusted for special items, EBITA margin, EBITA margin adjusted for special items or net profit adjusted for special items. These pro forma figures provide transparency on special items such as expenses for restructuring measures and the results of disposals. They do not serve as primary performance indicators and should not be regarded as a substitute for IFRS disclosures.

The pro forma figures are based on the definitions given in this Annual Report. They 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.

Due to the rounding of the disclosed figures, it is possible that individual figures do not precisely add up to the totals provided and that percentage figures provided do not precisely reflect the absolute values that they relate to.

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.