INDIVIDUAL FINANCIAL STATEMENTS 2021

STRABAG
SOCIETAS EUROPAEA

CONTENT

INDIVIDUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

Balance sheet as at 31 December 2021

	31.12.2021	31.12.2020
Assets	**€**	**T€**
A. Non-current assets:		
I. Tangible assets:		
Other facilities, furniture and fixtures and office equipment	1,050,229.78	1,007
II. Financial assets:		
1. Investments in subsidiaries	2,529,607,341.02	2,529,105
2. Investments in participation companies	24,139,674.57	24,697
3. Loans to participation companies	83,949,578.46	85,549
4. Other loans	22,930.48	22
	2,637,719,524.53	2,639,374
	2,638,769,754.31	**2,640,381**
B. Current assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	34,127.05	36
2. Receivables from subsidiaries	619,495,117.86	708,227
thereof with a remaining term more than one year	*272,642,488.00*	*276,943*
3. Receivables from participation companies	5,167,100.16	7,412
thereof with a remaining term more than one year	*0.00*	*2,014*
4. Other receivables and assets	24,869,071.45	33,436
thereof with a remaining term more than one year	*24,406,000.00*	*24,699*
	649,565,416.52	749,112
II. Cash assets, including bank accounts	4,603,671.09	880
	654,169,087.61	**749,992**
C. Accrual and deferrals	**92,545.00**	**21**
D. Deferred tax assets	**15,777,992.00**	**20,191**
Group	**3,308,809,378.92**	**3,410,585**

Equity and liabilities	31.12.2021 €	31.12.2020 T€
A. Equity:		
I. Called up and paid in nominal capital (share capital):		
Subscribed nominal capital (share capital)	102,600,000.00	110,000
less nominal value of own shares	0.00	-7,400
	102,600,000.00	102,600
II. Capital reserves (committed)	2,159,447,129.96	2,152,047
III. Retained earnings:		
1. Legally required reserves	72,672.83	73
2. Voluntary reserves	21,210,597.45	150,822
	21,283,270.28	150,895
IV. Reserves for own shares	0.00	7,400
V. Unappropriated net profit	707,940,000.00	707,940
thereof profit brought forward	*0.00*	*28,660*
	2,991,270,400.24	**3,120,882**
B. Provisions:		
1. Provisions for taxes	1,012,000.00	1,021
2. Other provisions	22,495,063.00	20,882
	23,507,063.00	**21,903**
C. Accounts payable		
1. Bonds	200,000,000.00	200,000
thereof with a remaining term up to one year	*200,000,000.00*	*0*
thereof with a remaining term more than one year	*0.00*	*200,000*
2. Trade payables	1,702,919.23	2,087
thereof with a remaining term up to one year	*1,702,919.23*	*2,087*
3. Payables to subsidiaries	87,233,906.00	60,930
thereof with a remaining term up to one year	*87,233,906.00*	*60,930*
4. Payables to participation companies	398,490.75	0
thereof with a remaining term up to one year	*398,490.75*	*0*
5. Other payables	4,696,599.70	4,782
thereof taxes	*1,269,152.27*	*1,156*
thereof social security liabilities	*25,340.20*	*23*
thereof with a remaining term up to one year	*4,696,599.70*	*4,782*
	294,031,915.68	**267,799**
thereof with a remaining term up to one year	*294,031,915.68*	*67,799*
thereof with a remaining term more than one year	*0.00*	*200,000*
Group	**3,308,809,378.92**	**3,410,585**

Income statement for the 2021 financial year

	2021 €	2020 T€
1. Revenue (Sales)	70,588,736.92	68,219
2. Other operating income		
a) Income from disposal of and reversal of impairment losses of non-current assets other than financial assets	22,100.84	0
b) Miscellaneous	11,355.67	180
	33,456.51	**180**
3. Cost of materials and services:		
a) Materials	-34,151.70	-28
b) Services	-20,205,069.41	-17,612
	-20,239,221.11	**-17,640**
4. Employee benefits expense:		
a) Salaries	-9,865,480.38	-9,817
b) Social expenditure	-817,796.49	-622
thereof contributions to employee benefit plans	*-96,127.52*	*-85*
thereof social security contributions, as well as payroll-related and other mandatory contributions	*-514,065.61*	*-489*
thereof other social expenditure	*-207,603.36*	*-48*
	-10,683,276.87	**-10,439**
5. Depreciation	-21,874.97	-19
6. Other operating expenses:		
a) Taxes other than those included in item 15	-115,866.81	-59
b) Miscellaneous	-22,637,695.29	-23,805
	-22,753,562.10	**-23,864**
7. Subtotal of items 1 through 6 (operating result)	**16,924,258.38**	**16,437**
8. Income from investments	569,283,927.14	306,888
thereof from subsidiaries	*561,811,512.24*	*296,977*
9. Other interest and similar income	8,912,783.94	14,945
thereof from subsidiaries	*4,612,475.02*	*9,609*
10. Income from disposal and write-up of financial assets and marketable securities	1,437,500.00	138
11. Expenses related to financial assets:		
a) Depreciation from subsidiaries	-1,646,122.34	-42,810
b) Other expenses from subsidiaries	-4,500,000.00	-24,990
d) Other	-4,754,399.55	-900
	-10,900,521.89	**-68,699**
12. Interest and similar income	-4,577,861.76	-6,531
thereof from subsidiaries	*-728,872.46*	*-7*
13. Subtotal of item 8 through 12 (financial result)	**564,155,827.43**	**246,741**
14. Result before taxes	**581,080,085.81**	**263,178**
15. Taxes on income and gains	-2,751,429.40	6,213
thereof income tax	*-839,859.30*	*-816*
thereof tax allocation	*2,501,246.90*	*-2,364*
thereof deferred tax income	*-4,412,817.00*	*9,394*
16. Income after taxes = net income for the year	**578,328,656.41**	**269,392**
17. Reversal of retained earnings (voluntary reserves)	129,611,343.59	409,888
18. Profit for the period	**707,940,000.00**	**679,280**
19. Profit brought forward	0.00	28,660
20. Unappropirated net profit	**707,940,000.00**	**707,940**

NOTES TO THE 2021 FINANCIAL STATEMENTS OF STRABAG SE, VILLACH

I. Application of Austrian Business Enterprise Code

The Management Board of the company prepared these financial statements as of 31 December 2021 in accordance with the Austrian Business Enterprise Code (UGB).

In preparing the present financial statements, the previous method of presentation was maintained.

Where an asset or liability relates to more than one item in the balance sheet, the relationship of such asset or liability to the relevant items is disclosed in the notes.

The income statement was prepared in report form using the nature of expense method.

Additional information was provided in the notes as far as was necessary to ensure a true and fair view of the financial position, financial performance and cash flows.

The company is the topmost parent company of the companies within the scope of consolidation of STRABAG SE, Villach. The consolidated financial statements are deposited with the Landes- als Handelsgericht Klagenfurt (District and Commercial Court Klagenfurt).

The company is a large corporation (Kapitalgesellschaft) as defined by Sec 221 of the Austrian Business Enterprise Code (UGB).

II. Accounting policies

GENERAL PRINCIPLES

The financial statements were prepared in accordance with the "principles of orderly accounting" and following the general norm of presenting a true and fair view of the financial position, financial performance and cash flows.

The financial statements were prepared in conformity with the "principle of completeness".

Individual assets and liabilities were measured in accordance with the "principle of individual valuation".

The financial statements were prepared in accordance with the "principle of prudence" by only reporting profit which was realized on the balance sheet date. All recognizable risks and impending losses which occurred in 2021 or an earlier financial year were taken into consideration.

Estimates are based on a conservative assessment. If statistically measurable experiences from similar circumstances are available, these were considered when making the estimates.

The previously applied accounting policies were kept.

IMPACT OF THE COVID-19 PANDEMIC

On 11 March 2020, the World Health Organisation (WHO) officially declared Covid-19 a pandemic. STRABAG's European core markets as well as many of its international markets were to varying degrees affected in the 2021 financial year and remain so today. Construction activity, however, was able to continue largely unrestricted in most countries. The workflows were reorganised in line with the national regulations.

Due to the mostly small-scale and decentralised structures compared to other industries, the risk of simultaneous infection or quarantine of a critical portion of the workforce in the construction sector is relatively low. The Management Board of STRABAG SE has therefore been working together with the local management, the occupational safety specialists and the specialists from the service companies to continuously evaluate the risks in the individual group countries. This ensures that necessary decisions are made quickly and implemented effectively.

Risks resulting from disruptions in the supply chain due to restrictions in the movement of goods, services and people could be partially cushioned by the high level of value added in raw materials within the group. The existing construction equipment, machinery and other vehicles benefit the group in this regard as well. The construction industry in general benefitted here from a high domestic value-added factor.

Declines in the property and facility services segment, specifically in real estate management and industrial services, occurred to a lower-than-expected extent. From today's perspective, the impact of the Covid-19 pandemic in the real estate development business also appears to be manageable. The construction delays in this respect remained within acceptable limits.

Overall, the construction sector has been only slightly affected by the Covid-19 pandemic. Based on the current business development and the order backlog, there is no threat to the company as a going concern.

It is assumed that the company will continue as a going concern.

However, the uncertainties that nonetheless exist were taken into account in the medium-term planning prepared in December 2021. The cost of capital used in connection with impairment testing is increased by market risk premiums and beta factors; no growth factors were used.

Increased insolvencies can be expected in the coming years following expiration of the national support and deferral programmes.

NON-CURRENT ASSETS

Property, plant and equipment

Property, plant and equipment are valued at historical cost less accumulated depreciation. In line with the relevant tax legislation, the company takes a full year's depreciation for acquisitions during the first six months of the year and a half year's depreciation for acquisitions during the second six months of the year.

The depreciation is calculated using the straight-line method over the following useful lives:

	Years	
	from	**to**
Other facilities, furniture and fixtures and office equipment	4	15

Low-value assets (individual cost up to € 800.00) are depreciated in full in the year in which they are acquired.

Extraordinary depreciation on a lower fair value measurement at the reporting date is undertaken where the impairment is considered permanent.

Financial assets

Financial assets are valued at cost or a lesser fair value if one is attributable where the impairment is considered permanent.

In a first step, the carrying amount of the investments in affiliated companies is compared with the proportionate share in equity at the reporting date. In case the carrying amount exceeds the proportionate share in equity, an impairment test of the investment based on discounted cashflows, which significantly depend on future revenue, margin projections and discount rates, is performed. This valuation is subject to significant uncertainty.

Loans are measured at historical cost. Lower values are recognized for permanent or significant impairment losses.

Increases in non-current assets

The value of non-current assets is increased where there is no more cause for depreciation. The increase is not higher than the net carrying value calculated under consideration of the regular depreciation that would have been charged in the meantime.

CURRENT ASSETS

Accounts receivable and other assets

Trade and other receivables are reported at nominal value.

The valuation of foreign currency receivables follows the strict “lowest value principle”.

Individual value adjustments are made for recognizable risk.

Increases in current assets

Reversals of depreciation for current assets are done where there is no more cause for depreciation.

Deferred taxes

Deferred taxes are recognized in accordance with Sec 198 Para 9 and 10 UGB using the balance sheet concept without discounts using the current corporate income tax rate of 25 %. No deferred tax assets are recognized for tax loss carryforwards.

The deferred tax assets resulting from the transition effective 1 January 2016 were distributed over five years in accordance with Sec 906 Para 34 UGB (for the last time in the 2020 financial year).

PROVISIONS

All recognizable risks and impending losses were taken into account in the calculation of provisions in accordance with the legal framework.

Other provisions

Under application of the “principle of prudence”, all recognizable risks at the date of balance sheet creation as well as liabilities of uncertain timing or amount were recognized in the item "Other provisions" at the value required according to reasonable entrepreneurial assessment.

LIABILITIES

Liabilities are valued at their settlement value.

Foreign currency liabilities are measured in accordance with the strict “highest value principle”.

III. Notes to the balance sheet

NON-CURRENT ASSETS

The non-current assets are itemized and their changes in the year under report are recorded in the statement of changes in non-current assets (Appendix 1 to the Notes).

Information on investments can be found in the list of participations (Appendix 2 to the Notes).

ACCOUNTS RECEIVABLE AND OTHER ASSETS

Receivables from subsidiaries involve cash-clearing (previous year), financing, routine clearing, the calculation of intra-group and clearing of tax allocations and transfers of profits.

The item "Other receivables and assets" includes income of € 399,456.42 (previous year: T€ 768) which will be cash effective after the balance sheet date.

DEFERRED TAX ASSETS

Deferred tax assets were recognized on the reporting date for temporary differences between the tax base and the carrying amount for the following items:

	31.12.2021	31.12.2020
	€	T€
Property, plant and equipment	833.00	4
Financial assets	346,667.00	693
Remaining seventh from depreciation of participation	50,252,469.00	65,945
Provisions	10,480,000.00	11,330
Liabilities	2,031,999.00	2,791
Total	**63,111,968.00**	**80,763**
Resulting deferred taxes on 31.12. (25%)	**15,777,992.00**	**20,191**

The deferred taxes developed as follows:

	2021	2020
	€	T€
Balance on 1.1.	**20,190,809.00**	**10,797**
Distribution according to Sec 906 (34) UGB	0.00	6,828
Change in profit or loss	-4,412,817.00	2,556
Balance on 31.12.	**15,777,992.00**	**10,797**

EQUITY

The fully paid-in share capital amounts to € 110,000,000.00 and is divided into 109,999,997 no-par bearer shares and three registered shares.

The 17th Annual General Meeting of STRABAG SE held on 18 June 2021 resolved to reduce the share capital of the company from € 110,000,000 in a simplified procedure through the withdrawal of 7,400,000 own shares with a proportionate amount of the share capital of € 7,400,000, in accordance with Article 9 Para 1 of the Societas Europaea Regulation (SE-VO) in conjunction with Section 192 Para 3 (2) and Para 4 of the Austrian Stock Corporation Act (AktG). The purpose of this simplified capital reduction is the withdrawal of own shares.

The capital reduction was entered into the commercial register on 16 July 2021.

The nominal value of the own shares was reclassified from share capital to committed capital reserves.

PROVISIONS

Other provisions were made for profit sharing, investment risks and claims.

ACCOUNTS PAYABLE

Payables to subsidiaries involve liabilities from cash-clearing, routine clearing and clearing of tax allocation.

The item "Other payables" includes expenses in the amount of € 3,409,667.44 (previous year: T€ 3,613) which will be cash effective after the balance sheet date.

CONTINGENT LIABILITIES

	31.12.2021 €	31.12.2020 T€
Sureties/Guarantees	145,287,566.75	51,148
Declarations of patronage	0.00	4,351
Cash-Clearing Liabilities	1,266,505,079.20	1,239,658
Total	**1,411,792,645.95**	**1,294,156**
thereof with subsidiaries	1,341,799,789.72	1,263,602

In the 2020 financial year, the company issued an irrevocable, unconditional, unrestricted and unlimited warranty statement to secure any payment obligations of the cash pooling participants towards STRABAG BRVZ GmbH, Spittal an der Drau. The total amount of the obligations of the cash pooling participants towards STRABAG BRVZ GmbH as of 31 December 2021 is € 517,590,251.83 (previous year: T€ 620,941).

In addition, the company issued a hard, unlimited declaration of patronage in the 2020 financial year to cover all obligations of STRABAG BRVZ GmbH, Spittal an der Drau, toward the participants from cash pooling. The obligations of STRABAG BRVZ GmbH from the cash pooling as of 31 December 2021 amount to € 748,914,827.37 (previous year: T€ 617,716).

Furthermore performance bonds in the amount of € 688,244,502.61 (previous year: T€ 676,144) exist for construction projects of subsidiaries.

Due to long-term rentals, letting and leasing, the use of property, plant and equipment not shown in the balance sheet results in an obligation of € 7,467,660.72 (previous year: T€ 7,237) for the 2022 financial year. The sum of all obligations for the next five years is € 37,338,303.60 (previous year: T€ 36,187).

IV. Notes to the income statement

REVENUES (SALES)

	2021 €	2020 T€
Domestic revenue	36,007,532.50	33,783
Foreign revenue	34,581,204.42	34,436
Total	**70,588,736.92**	**68,219**

The revenue, which mostly involves the clearing of intra-group allocations as well as the pass-through of guarantee fees, insurance and rental costs, is generated domestically and abroad.

EMPLOYEE BENEFITS EXPENSE

The company employed on the average 6 employees during the year (previous year: 6 employees).

The salaries of the Management Board members in the 2021 financial year amounted to T€ 9,815 (previous year: T€ 9,817).

In the financial year, a member of the Management Board received an annual pension benefit of T€ 76 (previous year: T€ 0) from his previous activity in a group company.

OTHER OPERATING EXPENSES

Supervisory Board member salaries in the period under review amounted to € 270,000.00 (previous year: T€ 270). [1]

The other operating expenses reported mainly include surety fees, legal and advisory costs, travel and advertising costs, insurance costs and other general administrative expenses.

V. Additional disclosures

EVENTS AFTER THE REPORTING PERIOD

In the third reading at the Austrian National Council on 20. January 2022 a reduction in the corporate tax rate to 24% from 2023 and to 23% from 2024 was decided. This will affect the measurement of deffered taxes in subsequent years.

On 24 February 2022, Russia attacked Ukraine. STRABAG condemns this war of aggression by Russia on Ukraine in the strongest possible terms and has initiated and is financing extensive aid measures for Ukrainian refugees, especially in the most affected group countries of Poland, the Czech Republic and Moldova.

STRABAG has no business activities in Ukraine itself. As far as STRABAG's business in Russia is concerned – of only subordinate importance with 0.3 % of the group's output volume – the Management Board has decided to wind up the activities in that country.

Indirect repercussions – including for construction materials – can already be observed on the global markets, with price increases currently even more dynamic than in the previous year. STRABAG is closely monitoring all relevant developments. An initial assessment of these impacts varies from country to country and from division to division. The Management Board is still keeping to its target of achieving at least 4% EBIT margin on a sustainable basis from 2022 onwards.

Oleg Deripaska indirectly holds less than 50 % of the STRABAG SE shareholder MKAO "Rasperia Trading Limited" (share: 27.8 %), although he still controls Rasperia. Sanctions were imposed on numerous individuals, including Oleg Deripaska, by the United Kingdom, Canada, Australia, Switzerland and the European Union in response to the Russian invasion, in addition to the sanctions imposed on him by the United States in 2018. No sanctions have been imposed on STRABAG and doing business with STRABAG does not constitute a violation of the sanctions. STRABAG is complying with all applicable legal requirements and sanctions regulations.

On 15 March 2022, STRABAG shareholder Haselsteiner Familien-Privatstiftung informed the company that it had terminated the shareholder syndicate agreement in place with the UNIQA Group, the Raiffeisen Group and Rasperia. As a result, the agreement expires at the end of 2022, thereby ending joint control of the company.

To avert any potential harm to the company, the Management Board of STRABAG SE subsequently decided to withhold dividend payments to Rasperia as long as any risk of sanctions cannot be excluded.

On 13 April 2022, The Management Board of STRABAG SE resolved to comply with the request made by the shareholder Haselsteiner Familien-Privatstiftung pursuant to Sec 105 Para 3 of the Austrian Stock Corporation Act (AktG) to convene an Extraordinary General Meeting for 5 May 2022.

The sole item on the agenda was the resolution regarding the recall of the Supervisory Board member Dr. Hermann Melnikov, who was elected by the Annual General Meeting, and of Supervisory Board member Thomas Bull, who was delegated by the holder of registered share no. 2. Both Supervisory Board members are associated with the shareholder MKAO Rasperia Trading Ltd., which is controlled by Oleg Deripaska.

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[1] The figures deviate from the values published in the previous year because the remuneration was changed at the 17th Annual General Meeting on June 18, 2021.

The Management Board thus ensures compliance with the EU sanctions imposed on Oleg Deripaska as of 8 April 2022, in particular the “asset freeze”, which blocks the exercise of all rights associated with Rasperia’s STRABAG SE shares. The move will help prevent any possible direct or indirect influence by Oleg Deripaska on STRABAG SE.

This action is also necessary to avoid adverse consequences and damages to the STRABAG SE Group as alone the (indirect) connection to Oleg Deripaska has had a partially negative impact on the group’s business activities since the start of the war against Ukraine.

Dr. Hermann Melnikov resigned from the Supervisory Board of STRABAG SE with effect from 13 April 2022. As a result of Dr. Hermann Melnikov’s resignation, the shareholder Haselsteiner Familien-Privatstiftung has submitted to the company a set of amended draft resolutions for the Extraordinary General Meeting on 5 May 2022.

APPROPRIATION OF NET INCOME

The Management Board proposes to pay out a dividend in the amount of € 2.00 per share for the 2021 financial year.

BOARD AND RELATED PARTY DISCLOSURES

The members of the Management and Supervisory Boards are listed separately (Appendix 3 to the Notes).

An agreement was concluded with STRABAG BRVZ GmbH, Spittal an der Drau, covering financial and management accounting, operating and cost accounting, payroll accounting, cash management, insurance management and facility management.

The company is a group parent under Sec 9 Para 8 of the Austrian Corporate Income Tax Act (KStG) of 1988. Tax adjustments (both positive and negative allocations) between the group parent and the company were arranged in the form of tax allocation agreements.

For the benefit of Mineral Abbau GmbH, Spittal an der Drau, there is a commitment to cover the losses, which may be terminated by giving three months’ notice to the end of the calendar year.

For the benefit of STRABAG AG, Cologne, there is a voluntary transfer of losses as outlined in Sec 302 of the German Stock Corporation Act (dAktG) for the 2021 financial year.

The expenses for the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, for the financial year amount to T€ 799 (previous year: T€ 828), of which T€ 64 (previous year: T€ 63) are for the audit of the financial statements, T€ 682 (previous year: T€ 670) for other audit services and T€ 53 (previous year: T€ 95) for miscellaneous services.

In addition, T€ 37 (previous year: T€ 32) were calculated for miscellaneous services to subsidiaries.

Villach, 26 April 2022

The Management Board

Dr. Thomas Birtel m.p.

Mag. Christian Harder m.p.

Klemens Haselsteiner m.p.

Dipl.-Ing. Dr. Peter Krammer m.p.

Dipl.-Ing. Siegfried Wanker m.p.

Dipl.-Ing. (FH) Alfred Watzl m.p.

Appendix 1 to the Notes: Statement of changes in non-current assets
Appendix 2 to the Notes: List of participations
Appendix 3 to the Notes: Management and Supervisory Board

Statement of changes in non-current assets as of 31 December 2021

T€	Balance as at 1.1.2021	Acquisition and production costs: Additions	Transfers	Disposals	Balance as at 31.12.2021
I. Tangible assets:					
Other facilities, furniture and fixtures and office equipment	1,316,774.44	65,245.97	0.00	63,915.21	1,318,105.20
	1,316,774.44	**65,245.97**	**0.00**	**63,915.21**	**1,318,105.20**
II. Financial assets:					
1. Investments in subsidiaries	2,737,978,486.44	1,648,680.01	0.00	0.00	2,739,627,166.45
2. Investments in participation companies	37,165,780.65	750,835.75	0.00	2,625,932.83	35,290,683.57
3. Loans to participation companies	85,549,298.90	3,719,348.97	0.00	5,319,069.41	83,949,578.46
4. Other loans	22,358.35	572.13	0.00	0.00	22,930.48
	2,860,715,924.34	**6,119,436.86**	**0.00**	**7,945,002.24**	**2,858,890,358.96**
Group	**2,862,032,698.78**	**6,184,682.83**	**0.00**	**8,008,917.45**	**2,860,208,464.16**

Accumulated depreciation						Carrying amounts	
Balance as at 1.1.2021	**Additions**	**Reversal of impairment losses**	**Transfers**	**Disposals**	**Balance as at 31.12.2021**	**Carrying amount 31.12.2021**	**Carrying amount 31.12.2020**
309,915.66	21,874.97	0.00	0.00	63,915.21	267,875.42	1,050,229.78	1,006,858.78
309,915.66	**21,874.97**	**0.00**	**0.00**	**63,915.21**	**267,875.42**	**1,050,229.78**	**1,006,858.78**
208,873,703.09	1,646,122.34	500,000.00	0.00	0.00	210,019,825.43	2,529,607,341.02	2,529,104,783.35
12,468,612.28	0.00	0.00	0.00	1,317,603.28	11,151,009.00	24,139,674.57	24,697,168.37
0.00	0.00	0.00	0.00	0.00	0.00	83,949,578.46	85,549,298.90
0.00	0.00	0.00	0.00	0.00	0.00	22,930.48	22,358.35
221,342,315.37	**1,646,122.34**	**500,000.00**	**0.00**	**1,317,603.28**	**221,170,834.43**	**2,637,719,524.53**	**2,639,373,608.97**
221,652,231.03	**1,667,997.31**	**500,000.00**	**0.00**	**1,381,518.49**	**221,438,709.85**	**2,638,769,754.31**	**2,640,380,467.75**

List of participations

(20.00 % interest minimum)	Interest	Equity/ negative equity[1]	Result of the financial year[2]
Name and residence of the company:	**%**	**T€**	**T€**
Investments in subsidiaries:			
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau	100.00	13,142	4,622
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau	100.00	304,141	20,745
"Strabag Azerbaijan" Limited Liability Company, Baku	100.00	1,218	-364
"Strabag" d.o.o. Podgorica, Podgorica	100.00	6,219	-30
Asphalt & Beton GmbH, Spittal an der Drau	100.00	9,110	1,281
Bau Holding Beteiligungs GmbH, Spittal an der Drau	65.00	1,342,383	102,437
BHG Sp. z o.o., Pruszkow	100.00	3,790	711
CML Construction Services AB, Stockholm	100.00	5	1
CML Construction Services, Antwerpen	100.00	55	7
CML Construction Services A/S, Trige	100.00	85	31
CML Construction Services d.o.o. Beograd, Belgrade	100.00	114	33
CML CONSTRUCTION SERVICES d.o.o., Zagreb	100.00	179	30
CML Construction Services EOOD, Sofia	100.00	3	0
CML Construction Services GmbH, Cologne	100.00	283	210
CML Construction Services GmbH, Schlieren	100.00	134	14
CML Construction Services GmbH, Vienna	100.00	405	182
CML CONSTRUCTION SERVICES LIMITED, London	100.00	-61	-61
CML CONSTRUCTION SERVICES Sp. z o.o., Pruszkow	100.00	475	89
CML CONSTRUCTION SERVICE S.R.L., Bologna	100.00	24	12
CML CONSTRUCTION SERVICES s. r. o., Bratislava	100.00	153	25
CML CONSTRUCTION SERVICES s.r.o., Prague	100.00	147	52
CML Construction Services Zrt., Budapest	100.00	258	35
DC1 Immo GmbH, Vienna	100.00	647	630
DRP, d.o.o., Ljubljana	100.00	-8,431	0
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	100.00	8,064	359
Erste Nordsee-Offshore-Holding GmbH, Vienna	51.00	3,927	4,335
KMG - KLIPLEV MOTORWAY GROUP A/S, Aarhus	100.00	2,125	363
Mazowieckie Asfalty Sp. z o.o., Pruszkow	100.00	-32 [3]	-2 [3]
Mikrobiologische Abfallbehandlungs GmbH, Schwadorf	51.00	397 [3]	217 [3]
Mineral Abbau GmbH, Spittal an der Drau	100.00	12,587	3,033
OOO "CML", Moscow	100.00	332	9
PRZEDSIEBIORSTWO ROBOT DROGOWYCH SPOLKA Z OGRANICZONA ODPOWI W LIKWIDACJI, Choszczno	100.00	[4]	[4]
SAT REABILITARE RECICLARE SRL, Cluj-Napoca	100.00	2,376	321
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	412	-3
SAT SLOVENSKO s.r.o., Bratislava	100.00	2,372	290
SF Bau vier GmbH, Vienna	100.00	2,779	-5
STRABAG A/S, Aarhus	100.00	11	-53
STRABAG AG, Schlieren	100.00	-31,207	-3,932
STRABAG AG, Cologne	100.00	1,428,506	182,933
STRABAG Infrastruktur Development, Moscow	100.00	179	121
STRABAG Oy, Helsinki	100.00	44	-287
STRABAG Real Estate GmbH, Cologne	28.40	182,204	63,838
Strabag RS d.o.o., Banja Luka	100.00	-753	-25
STRABAG Sh.p.k., Tirana	100.00	[4]	[4]
STRABAG Silnice a.s., Prague	100.00	2,646	-18
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	94.00	6,568	2,037
TPA GmbH, Cologne	100.00	1,720	538
Zweite Nordsee-Offshore-Holding GmbH, Vienna	51.00	-9,062	-1,930

1 according to Parra 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2020
4 no statement according to Para 242 Sec 2 UGB

Name and residence of the company:	Interest %	Equity/ negative equity[1] T€	Result of the financial year[2] T€
Investments in participation companies:			
A-Lanes A15 Holding B.V., Nieuwegein	24.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH, Vienna	20.93	[4]	[4]
ASAMER Baustoff Holding Wien GmbH & Co.KG, Vienna	20.93	[4]	[4]
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH, Spittal an der Drau	30.00	[4]	[4]
Prottelith Produktionsgesellschaft mbH, Liebenfels	24.00	[4]	[4]
SHKK-Rehabilitations GmbH, Vienna	50.00	[4]	[4]
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL, Bucharest	35.31	[4]	[4]
SRK Kliniken Beteiligungs GmbH, Vienna	25.00	[4]	[4]
Straktor Bau Aktien Gesellschaft, Kifisia	50.00	[4]	[4]
Syrena Immobilien Holding Aktiengesellschaft, Spittal an der Drau	50.00	[4]	[4]

1 according to Parra 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2020
4 no statement according to Para 242 Sec 2 UGB

Management and Supervisory Board

Management Board:

Dr. Thomas B i r t e l (CEO)

Mag. Christian H a r d e r

Klemens H a s e l s t e i n e r

Dipl.-Ing. Dr. Peter K r a m m e r

Dipl.-Ing. Siegfried W a n k e r

Dipl.-Ing. (FH) Alfred W a t z l

Supervisory Board:

Dr. Alfred G u s e n b a u e r (Chairman)

Mag. Erwin H a m e s e d e r (Vice Chairman)

Dr. Andreas B r a n d s t e t t e r

Thomas B u l l

Mag. Kerstin G e l b m a n n

Dr. Hermann M e l n i k o v (from 18.6.2021 until 13.4.2022)

Ksenia M e l n i k o v a (until 18.6.2021)

Dipl.-Ing. Andreas B a t k e (works council)

Miroslav Č e r v e n ý (works council)

Magdolna P. G y u l a I n é (works council)

Georg H i n t e r s c h u s t e r (works council)

Wolfgang K r e i s (works council)

GROUP MANAGEMENT REPORT

Important events

JANUARY

STRABAG-consortium wins € 246 million infrastructure contract in Hungary

A consortium, consisting of STRABAG Építő Kft. (50.12 %) and Duna Aszfalt Zrt., will complete the 20 km gap of the Hungarian M6 motorway between Bóly und Ivándárda on the Croatian border. The project entails, among other things, the construction of three junctions, 16 bridges and a service area. The project is scheduled to be completed within 36 months.

STRABAG und JOHANN BUNTE started the year in Germany with a major new contract

The joint venture A1 Lohne Bramsche kicked off the new year with the acquisition of a large project in transportation infrastructures. The Federal Republic of Germany, represented by Die Autobahn GmbH des Bundes, commissioned a joint venture consisting of STRABAG AG (50 %) and JOHANN BUNTE Bauunternehmung GmbH & Co. KG (50 %) with the widening of the A1 motorway in Lower Saxony over a distance of around 29.5 km under a so-called function-based construction contract (FBV). The approx. € 600 million contract also includes structural maintenance over a period of 30 years. Construction started on 1 February and will be carried out under traffic. Completion of the motorway section is scheduled for mid-25.

Widening of the A1 motorway.

FEBRUARY

Germany's largest micro-apartment project in Frankfurt

STRABAG Group company Ed. Züblin AG was commissioned by client iLive Commerz Real Campus Zwei GmbH to build an eight-storey residential complex with a gross floor area of 49,500 m² in Frankfurt's Nordend district. When completed, the student housing complex, which will feature 1,158 flats and has a contract value of around € 83 million, will be the largest of its kind in Germany.

APRIL

Major motorway contract in Poland

The group's Polish subsidiary was awarded the € 153 million design-and-build contract by the country's General Directorate for National Roads and Motorways (GDDKiA). The 18.75 km section of the A2 between Siedlce West and Malinowiec is to be completed by the end of 2024.

ZÜBLIN to design and build new public administration centre for Dresden

Administration centre for Dresden.

STRABAG subsidiary Ed. Züblin AG and Dreßler Bau GmbH are working together as management contractors in a consortium to realise the new public administration headquarters in the heart of Dresden. The design-and-build contract, which will leave its mark on the Dresden cityscape, was awarded by Kommunale Immobilien Dresden GmbH & Co. KG with a fixed lump sum price of € 116 million. The project is based on a design by the architectural firms Barcode Architects (Rotterdam) and Tchoban Voss Architekten (Hamburg/ Dresden). The consortium of ZÜBLIN (66 %) and Dreßler Bau (34 %) will realise the striking 33 metre administration building at Ferdinandplatz within a period of about four years. The new public administration centre will have a gross floor area of 33,500 m² distributed over seven aboveground floors with an asymmetrical floor plan and two underground parking levels. Completion is scheduled for the end of March 2025. The project will be preceded by archaeological excavations commissioned by the city of Dresden.

MAY

Expanding subway in Canada for approx. € 500 million

The Canadian subsidiary of STRABAG was awarded the contract for the Advance Tunnel Project for the Scarborough Subway Extension (Line 2) in Toronto. The approx. € 500 million (CAD 757 million) contract is being executed under a Design Build Finance model which started in May 2021 and is expected to be completed by autumn 2024. The 7.8 km extension will run underground for its entire length. The contract includes one launch shaft, one extraction shaft, five headwalls for future stations and 14 headwalls for future emergency evacuation buildings. The tunnelling works will be performed using a tunnel boring machine with a diameter of 11.87 m.

Tunnel boring machine Diggy Scardust.

Shipbuilding facility for ThyssenKrupp Marine Systems in Kiel

On behalf of ThyssenKrupp Marine Systems GmbH the STRABAG subsidiary Züblin was commissioned to complete a new shipbuilding facility with integrated seven-storey office building in Kiel. The contract value is in the high double-digit million-euro range. Following the start of construction in May 2021, the new building is scheduled to be completed within around two years and handed over ready for use at the end of June 2023. With the new company headquarters at Kieler Förde, ThyssenKrupp Marine Systems intends to significantly expand its production capacities in submarine construction from mid- 2023. The facility is part of a site concept that envisages the implementation of further construction projects at the Kiel shipyard site.

JUNE

STRABAG building bypass road S12 in Poland

STRABAG is further consolidating its strong market position in Poland with a contract worth around € 99 million. The General Directorate for National Roads and Motorways (GDDKiA) has awarded the construction of the 13.6 km Chełm bypass road S12 east of Lublin near the border with Ukraine to STRABAG's Polish subsidiary STRABAG Sp. z o.o. The bypass will be realised as a design-and-build project comprising two carriageways, each with two lanes, as well as four on- and off-ramps and 16 civil engineering structures, including bridges over the Uherka River and the Chełm–Włodawa railroad line, over a length of 13.6 km. The works also include the construction of an expressway service station, local service roads as well as environmental protection and road safety facilities along the entire route. The construction work is expected to take around 36 months.

Last single-track section of railway along the TEN-T network is being expanded in Hungary

STRABAG was awarded the contract to upgrade a 30 km section of railway in south-eastern Hungary via its Hungarian railway construction subsidiary STRABAG Rail Kft. The contract, which is worth a total of € 364 million, will be executed in a consortium with a Hungarian partner (STRABAG share: 66 %). STRABAG is contributing the entire range of the group's services to this infrastructure project. In addition to the track construction work, the contract also includes the overhead lines, the safety and signalling systems, the modification of three stations, including park and ride facilities, as well as road construction and civil engineering works. The construction phase is scheduled for 33 months.

JULY

Motorway connection for Romanian economic centre Oradea

The Romanian subsidiary of STRABAG was awarded a large-scale contract worth around € 111 million by Romania's National Company for Road Infrastructure Administration (CNAIR). Within a construction period of 24 months, STRABAG will build the link between the city of Oradea and the A3 motorway with a length of 18.96 km.

STRABAG acquired two metro projects in Prague

A consortium consisting of STRABAG a.s. and AŽD Praha s.r.o. was awarded the contract for the modernisation of the Jiřího z Poděbrad metro station in the centre of Prague. The order value is € 50 million (STRABAG share 65%). An international consortium with the participation of the two group companies STRABAG a.s. and Ed. Züblin AG (share: 25 %) started work on the first section of the Prague Metro's new Line D at the end of 2021. The geological conditions and the execution of tunnelling works in the densely built urban area pose the greatest challenge. STRABAG had already been involved in the preliminary geological explorations.

AUGUST

Contract for large-scale project A8 motorway Enz Valley crossing

Large-scale project Enz Valley crossing

Germany's federal motorway company, Die Autobahn GmbH des Bundes, awarded to STRABAG the contract for the six-lane expansion of the A8 motorway in the Enz Valley near Pforzheim, Germany. The contract for the complex infrastructure project on the main corridor between Karlsruhe and Stuttgart is worth more than € 100 million. In addition to the widening of a 4.8 km long section of motorway between the Pforzheim-Nord and Pforzheim-Süd interchanges, the project also includes the construction of a total of six bridges and underpasses as well as the realisation of extensive noise protection measures. Lead contractor STRABAG GmbH is supported in its work by teams from Ed. Züblin AG and Züblin Spezialtiefbau GmbH. The entire project is expected to be completed by the end of 2026 after about five years of work.

STRABAG modernising technically challenging railway section in the north of the Czech Republic

The Czech subsidiary STRABAG Rail a.s was awarded the contract as consortium leader (89 %) for the modernisation of the 1.3 km long section of the railway between Děčín východ and Prostřední Žleb stations in Děčín in the north of the Czech Republic near the German border. The contract is worth around € 41.5 million. Construction will be carried out in a consortium with local partner DT Mostárna a.s.

SEPTEMBER

Expansion of Hungarian 67 expressway for € 77 million

The Hungarian subsidiary of STRABAG acquired another infrastructure contract. The existing section of the Látrány bypass on the 67 expressway will be widened to two lanes in each direction and upgraded to a maximum speed of 110 km/h. As a result, the 67 expressway will have four lanes along its entire section from Kaposvár to its junction with the M7 motorway. The contract has a value of approximately € 77 million.

New venue for young artists of the Vienna State Opera

STRABAG was awarded the contract to convert the French Hall of the Vienna Künstlerhaus, Austria, into a new opera venue with up to 279 seats. The Vienna State Opera's new stage for performances and rehearsals is intended especially for young audiences and emerging talents. The project is being carried out under a public-private partnership arrangement. The project partners of the Vienna State Opera are Künstlerhausbesitz und -betriebs GmbH (KBBG), STRABAG SE Haselsteiner Familien-Privatstiftung and the Austrian Federal Ministry of Arts and Culture, Civil Service and Sport. According to the current planning, the total project costs come to € 20.5 million.

Of this amount, the federal ministry is contributing € 5 million in the form of a grant, € 10 million is being provided by STRABAG through sponsoring, while the remaining € 5.5 million is being financed by the Haselsteiner Familien-Privatstiftung.

OCTOBER

STRABAG Camp[us] Ybbs: Austria's most modern apprenticeship training

STRABAG opened its new training centre in Ybbs after just one year of construction. It will provide training to around 250 apprentices from all over Austria every year. STRABAG invested a total of around € 10 million in the new facility.

STRABAG Camp[us] Ybbs

Antitrust fine imposed on STRABAG Group companies

As expected, the Austrian Cartel Court imposed a fine of € 45.37 million on two STRABAG Group companies, confirming the amount requested by the Federal Competition Authority (BWB). In July 2021, STRABAG SE announced that group companies STRABAG AG and F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG had issued an acknowledgement as part of a settlement in the antitrust proceedings against them, upon which the BWB filed an application with the Cartel Court for a fine. The acknowledgement and the full cooperation with the BWB had a correspondingly positive effect on the amount of the fine.

S19 expressway in the Podlaskie Voivodeship of northern Poland

The local STRABAG subsidiary signed the contract with the Polish General Directorate for National Roads and Motorways (GDDKiA) for the design and construction of a 12 km section of the S19 expressway. The new section of the S19 will run from Bielsk Podlaski West to Boćki. In September 2021, STRABAG also signed a contract for the design and construction of the subsequent section from Boćki to Malewice. The company will therefore be realising a total of 28 km of the S19. The contract has a value of approximately € 67.5 million (PLN 309.350 million). Construction is scheduled to be completed in the second quarter of 2025.

Austria's first building using 3D printing technology

STRABAG, together with PERI, the formwork and scaffolding manufacturer and a pioneer in 3D concrete printing, realised a roughly 125 m² office building next to its asphalt mixing plant in Hausleiten, Austria. The special dry mortar for the construction 3D printing project, with long workability and good pumpability, was supplied by Lafarge. Construction 3D printing offers several advantages where its use makes technical and financial sense. The COBOD BOD2 gantry printer used in Hausleiten can print concrete at up to one metre per second, which significantly shortens the construction time. The structural works for the building in Hausleiten was completed in around 45 hours of pure printing time. Construction 3D printing also offers significantly more design freedom compared to classic concrete construction, with the possibility of easily creating architecturally complex rounded designs.

Pioneer in concrete printing.

NOVEMBER

STRABAG-subsidiary leads construction of Central Business Tower for Helaba in Frankfurt

Ed. Züblin AG, in a consortium with Dobler Metallbau GmbH, was commissioned to build a prominent 205 m tall office tower for Landesbank Hessen-Thüringen (Helaba) in Frankfurt, Germany. The contract for the turnkey construction of the new building, to be called Central Business Tower, has a volume in the mid three-digit million-euro range. The complex large-scale project designed by KSP Engel is being implemented jointly and in partnership with Helaba using the proven ZÜBLIN teamconcept® partnering approach. The ZÜBLIN teams involved in the project had already provided advice and support to Helaba in the preconstruction design (teamconcept® preconstruction phase) starting in July 2020. Construction of the Central Business Tower, with 52 floors above and five below ground, including a five-storey base building with historic façade, is scheduled to last about six years. The entire project should be completed by early 2028.

Central Business Tower

DECEMBER

Major contract for drinking water treatment plant in Ghana

STRABAG was awarded a contract by Ghana Water Company Limited for the construction of a drinking water treatment plant for the twin cities of Sekondi-Takoradi. The design-and-build contract has a value of approximately € 70 million and a term of 40 months. STRABAG will then operate and maintain the plant and train the local staff during the warranty period. The new drinking water treatment plant, which replaces the old plant that has been in operation since 1961, is based on a robust and efficient state-of-the-art process technology that STRABAG has already successfully implemented several times before. The plant will be able to feed 100,000 m³ of drinking water per day into the existing network. The project is being handled via export financing. The combined export guarantee protects against economic and political risks.

Vienna office building Square One verified according to EU taxonomy

The Austrian Sustainable Building Council (ÖGNI) verified the Vienna office building Square One, a development of STRABAG Real Estate (SRE), as EU taxonomy-compliant. It is the crowning achievement for the property, which was completed in 2017 and has already been certified with ÖGNI/DGNB Platinum, and proof of an ambitious sustainability strategy. The EU Taxonomy regulations for Sustainable Activities, which has been in force since July 2020, aims to define environmentally sustainable activities as a means of promoting sustainable investments. The fact that the verification of the building developed by SRE occurs four years after completion is due to the nature of the procedure. Also existing buildings can meet or exceed the sustainability criteria of the “climate change mitigation” and “adaptation” categories.

Country report

DIVERSIFYING THE COUNTRY RISK

STRABAG sees itself as a European construction company with a strong focus on Central and Eastern Europe. A dense network of numerous subsidiaries in many European countries and on other continents is helping to expand our area of operation far beyond the borders of Austria and Germany. On the one hand, it is a tradition for the company to follow its clients into new markets; on the other hand, the existing country network with local management and established organisational structures makes it easier to export and to use the technology and the equipment in new regions. To diversify the country risk even further, and to profit from the market opportunities in other parts of the world, STRABAG is also active internationally, i.e. in countries outside of Europe.

The STRABAG SE Group recorded a 4 % higher output of € 16,128.92 million in the 2021 financial year. This is mainly due to a 10 % upturn in the home market of Austria following the negative business development in the same period of the previous year as a result of the temporary suspension of construction work in the wake of the coronavirus crisis. Growth was also recorded, among other places, in Germany, the Czech Republic and, due to ongoing megaprojects, in the UK.

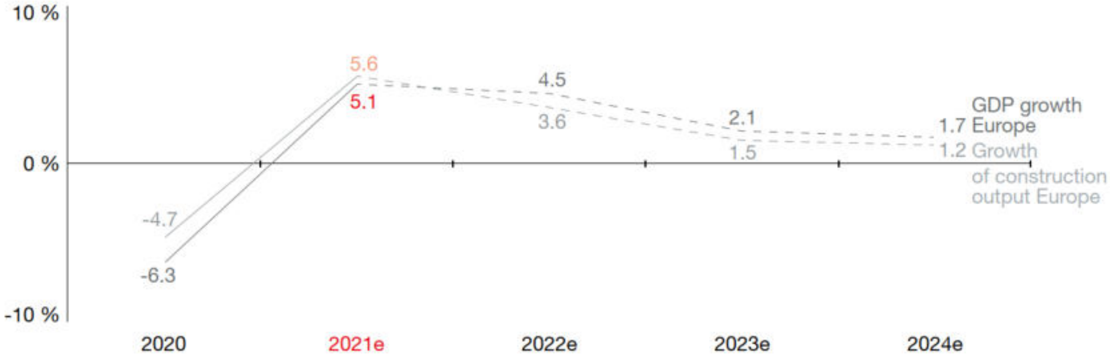
OUTPUT VOLUME BY COUNTRY

€ mln.	2021	% of total output volume 2021[1]	2020	% of total output volume 2020[1]	▲ %	▲ absolute
Germany	7,462	46	7,323	47	2	139
Austria	2,694	17	2,460	16	10	234
Poland	1,152	7	1,183	8	-3	-31
Czech Republic	948	6	826	5	15	122
Hungary	652	4	671	4	-3	-19
Americas	482	3	494	3	-2	-12
United Kingdom	390	2	226	1	73	164
Slovakia	289	2	297	2	-3	-8
Romania	264	2	250	2	6	14
Benelux	233	1	262	2	-11	-29
Middle East	203	1	119	1	71	84
Switzerland	192	1	220	1	-13	-28
Croatia	177	1	172	1	3	5
Serbia	155	1	158	1	-2	-3
Asia	145	1	117	1	24	28
Rest of Europe	136	1	159	1	-14	-23
Sweden	121	1	160	1	-24	-39
Denmark	109	1	76	0	43	33
Slovenia	104	1	59	0	76	45
Bulgaria	82	1	65	0	26	17
Italy	58	0	52	0	12	6
Russia	46	0	52	0	-12	-6
Africa	35	0	46	0	-24	-11
Total	**16,129**	**100**	**15,447**	**100**	**4**	**682**

1 Rounding differences are possible.

GLOBAL ECONOMY SHOWS RESILIENCE[1]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



Following the pandemic-related slump in 2020, the global economy entered a remarkable recovery phase in 2021 with a momentum that is likely to continue into 2022 to some extent. On the one hand, inflationary pressures are proving to be much stronger and more persistent than previously expected. Labour shortages, rising energy and raw materials prices, as well as disrupted supply chains and bottlenecks for key production inputs are also hampering growth and increasing cost pressures. On the other hand, central bank interventions and public-sector stimulus packages are supporting the recovery. Nevertheless, novel covid variants and the general unwillingness among the industrialised nations to engage in a coordinated global vaccination effort could weaken this momentum. In the event that pandemic-related government aid is slowly scaled back, it will remain important to continue to support the economy through public spending. The composition of this spending must adapt to create room for long-term investment, however, as this is the only way to enable the far-reaching economic transformation that will be necessary to achieve the energy transition.

The OECD expects the global economy to grow by 5.6 % in 2021 and by 4.5 % in 2022. A slight slowdown to 3.2 % is expected in 2023, which roughly corresponds to the pace of growth before the pandemic.

For the EU, the OECD forecasts only slightly lower growth of 5.2 % in 2021, with a plus of 4.3 % expected in 2022. The gross domestic product of the 19 Euroconstruct countries reached a plus of 5.1 % in 2021. The national rates vary greatly, with growth ranging from 2.5 % to 15.6 %. In 2022, economic growth in the EC-19-region is expected to again reach 4.5 %.

Any potential impacts from Russia's war against Ukraine on output, revenue and earnings in the 2022 financial year have not yet been taken into account, as these could not yet be quantified at the beginning of April 2022.

CLEAR RECOVERY IN THE CONSTRUCTION SECTOR

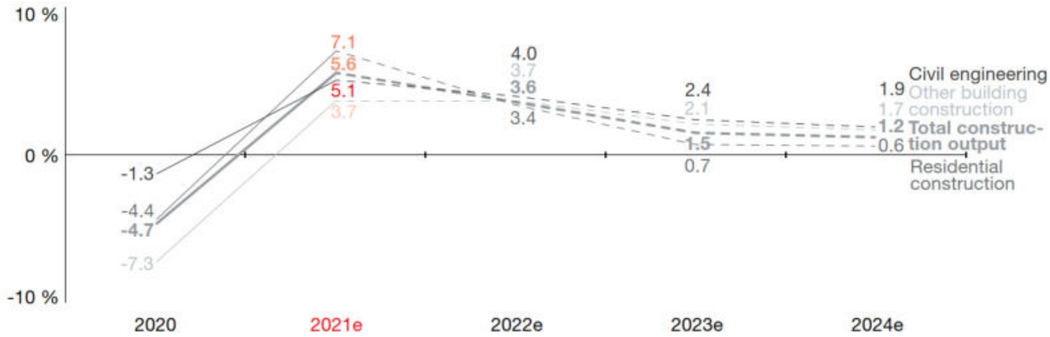
The construction industry in the 19 Euroconstruct countries was able to make up for the crisis-related decline in 2020 (-4.7 %) with growth of 5.6 % in 2021. The national economies recovered from the crisis more quickly than expected, with the construction sector playing a not insignificant role in this process. Additional infrastructure financing and aggressive stimulus packages for residential construction proved effective and boosted construction investments in the European markets. The recovery was reflected in all sectors of the construction industry, most strongly in residential construction with +7.1 %, followed by civil engineering with +5.1 % and other building construction with +3.7 %. Of the "big five" countries, Italy recorded the strongest growth with a plus of 15.1 %. The German construction sector proved to be relatively stable: Despite the negative growth of 0.7 % in 2021, the sector was able to continue its stagnant – and not downward – trend from 2020. Denmark, Sweden, Finland and Portugal even managed to grow in both of the crisis years. Slovakia suffered the greatest slump if the two years are taken together. The development of the total construction output of the 19 Euroconstruct countries from 2019 to 2022 corresponds to a V-shaped curve, with

[1] All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA (Eastern European Construction Forecasting Association) winter 2021 reports. The indicated market share data are based on the data from the year 2020.

2020 forming the lowest point and a recovery starting in 2021 of +5.6 %. Depending on the still uncertain development of the Covid-19 pandemic, construction output is expected to be +3.6 % in 2022 before returning to pre-crisis levels in 2023 and 2024 with +1.5 % and +1.2 %, respectively.

RESIDENTIAL CONSTRUCTION AS DRIVING SECTOR AHEAD OF CIVIL ENGINEERING AND OTHER BUILDING CONSTRUCTION

GROWTH COMPARISON CONSTRUCTION SECTOR EUROPE

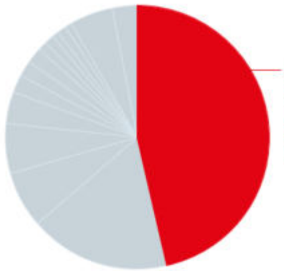


Residential construction, which accounts for almost half of the total European construction output, grew by 7.1 % to € 839.5 billion in 2021. In absolute terms, Germany and France were again in the lead, followed by the UK and Italy. Forecasts, which involve some uncertainty due to the impact of the Covid-19 pandemic, predict growth averaging 3.4 % in 2022. In 2023, investment in residential construction is expected to grow by only 0.7 %.

Other building construction, responsible for almost one third of the European construction volume in 2021, increased by 3.7 % with construction output of € 523.3 billion. On a country-by-country basis, Germany was the largest market for other building construction, followed by the UK, France and Italy. The strongest growth in 2021 was seen in Belgium, Italy, Hungary and Austria, while the biggest downturn was in Slovakia. Euroconstruct again forecasts growth of 3.7 % for this sector in 2022, with +2.1 % and +1.7 % for the following years.

Civil engineering generated a construction output of € 377.6 billion in 2021, 5.1 % above the previous year's value. This sector accounts for around 20 % of the European construction volume. In 2021, the situation was once again highly heterogeneous. While the UK, Norway, Italy and Belgium saw strong investment growth of between 8 % and 17.5 %, other countries were still far from reaching their pre-crisis levels. The forecast for the sector predicts a growth rate of 4.0 % for 2022, 2.4 % for 2023 and 1.9 % for 2024. Almost half of the construction output in civil engineering currently flows into road and railway networks. Increasing importance is attached to the energy sector, which exceeded investments in railway networks for the first time in 2021.

GERMANY



Overall construction volume:	€ 396.6 billion
GDP growth:	2021e: 2.5 % / 2022e: 4.5 %
Construction growth:	2021e: -0.7 % / 2022e: 1.1 %

The German economy has weathered the Covid-19 crisis quite well. A multitude of state aid measures for companies helped to stabilise the situation. At the same time, however, the strong increase in energy prices strained the private households and led to an increased inflation rate, which in turn resulted in above-average wage increases in individual sectors. Euroconstruct expects GDP growth of around 2.5 % in 2021. Catch-up effects in investment and private consumption are expected to lead to a strong increase of 4.5 % in 2022. In the medium term, growth should then level off again at between 1.0 % and 1.5 % annually.

With a decline in construction output of only 0.7 %, the German construction industry has also come through the crisis well so far. From the second quarter onwards, the sector was confronted not only with a shortage of skilled workers but also with unexpected supply bottlenecks for building materials and associated price increases. For all sectors of the construction industry, an end to real growth is only expected in the medium term, regardless of the short-term ups and downs triggered by the Covid-19 crisis.

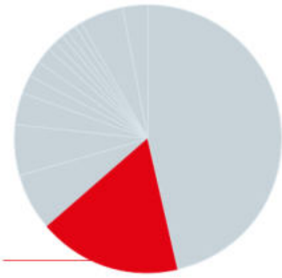
In residential construction, the volume increased only slightly by 0.5 %. The sector is currently still benefitting from low interest rates and the lack of investment alternatives. For the entire construction sector, Euroconstruct still expects a slight increase of 1.1 % and 0.2 % in 2022 and 2023, respectively, and a decline of 0.1 % in 2024.

Other building construction, which contracted by 2.7 % in 2021, increasingly suffered from economic uncertainty and investment restraint on the part of private enterprises and the public sector. In this segment, too, investment caution was exacerbated by price increases for building materials due to temporary supply bottlenecks. Euroconstruct therefore sees only a slight plus of 0.7 % and 0.9 % for the sector in 2022 and 2023, respectively, and a plus of just 0.1 % for 2024.

The civil engineering sector recorded a slight decline of 1.5 % in 2021. This development was essentially still supported by the long-term state investment programmes in railway and road infrastructure. The energy sector experienced new tailwind from investments in power plants based on renewable energies. A slight increase of 0.2 % is expected for 2022 with a plus of 1.2 % and 0.3 % in the following years.

The STRABAG Group has a market share of 1.8 % of the total construction market in Germany. Its 15.0 % share of the German road construction sector is significantly higher than that of the market as a whole. With € 7,461.73 million, around 46 % of STRABAG's total group output volume was generated in Germany in 2021 (2020: 47 %). Most of the output is allocated to the North + West segment, while the property and facility services provided in Germany are allocated to International + Special Divisions.

AUSTRIA



Overall construction volume:	€ 45.8 billion
GDP growth:	2021e: 4.4 % / 2022e: 4.8 %
Construction growth:	2021e: 5.4 % / 2022e: 2.6 %

Following the sharp decline in 2020 due to the Covid-19 crisis, the Austrian economy experienced a significant recovery in 2021 with a plus of 4.4 %. This development was primarily driven by exports and by public and private consumption. The rapid recovery of the service sector during the summer months also contributed to growth. The positive trend was further reflected in the labour market. The momentum was curbed by increased energy prices and a higher rate of inflation. For 2022, Euroconstruct predicts another strong plus of 4.8 % for the Austrian economy due to further catch-up effects, with +2.3 % and +1.9 % expected for 2023 and 2024, respectively.

The Austrian construction industry recovered quickly from the crisis. The decline of 2020 (-3.7 %) was not only offset but significantly overcompensated by a plus of 5.4 % in 2021. This is remarkable insofar as construction output in Austria was strongly affected by material and supply bottlenecks. In total, construction output is expected to grow by 2.6 % in 2022, then by just under 2.0 % in 2023 and 2024.

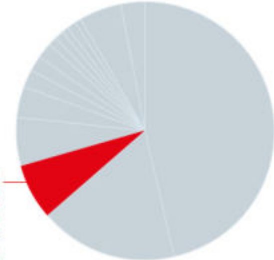
The main growth driver in recent years has been residential construction, supported by favourable financing costs. The unabated demand for residential property led to a solid plus of 3.2 % in this sector in 2021. As the continued positive trend in building permits shows, the lack of investment alternatives and the uncertainty during the Covid-19 crisis are likely to have triggered additional demand. Euroconstruct forecasts continued growth of 2.2 % for 2022, 1.7 % for 2023 and 1.5 % for 2024.

In other building construction, the dynamic growth of 8.0 % almost completely compensated for the strong decline of 8.6 % in the previous year. The sharpest declines during the crisis were recorded in industrial and commercial buildings, and most recently also in the hotel and tourism sectors. The expansion in the volume of educational buildings was somewhat dampened but is expected to maintain the same level in the coming years. Overall, the solid growth in construction output in other building construction should continue in 2022 with a plus of 3.5 %. Euroconstruct then expects to see +2.7 % for 2023 and +2.2 % for 2024.

Relatively unimpressed by the Covid-19 context, civil engineering, which had primarily benefitted from public sector investments in transport infrastructure in the past years, grew with a plus of 5.9 %. The further expansion of the road and especially the rail networks will remain a fixed item in the Austrian budget in the coming years. Investments in a nationwide broadband network as well as construction projects in the energy sector and for environmental protection are gaining in importance. The growth is expected to level off at 1.8 % in 2022, with +0.8 % in 2023 and +1.7 % in 2024.

The STRABAG Group generated 17 % of the total group output volume in its home market of Austria in 2021 (2020: 16 %). Austria thus continues to be one of the group's top three markets along with Germany and Poland. The output reached a volume of € 2,694.31 million in 2021. This gives STRABAG a 5.4 % share of the construction volume in the overall market in Austria. In road construction, the market share stands at 35.9 %.

POLAND



Overall construction volume:	€ 54.9 billion
GDP growth:	2021e: 4.9 %/2022e: 5.1 %
Construction growth:	2021e: 3.0 %/2022e: 4.1 %

Poland's economy also recovered relatively quickly from the economic slump caused by the Covid-19 pandemic, recording strong growth of 4.9 % in 2021 thanks to selective measures taken by the government. Supported by the low interest rate policy of Poland's central bank, the development was mainly driven by private consumption and private investments. Moreover, additional funds from the Next Generation EU recovery package have been flowing into the Polish economy since 2021. Due to the strong momentum, Euroconstruct's growth forecasts of +5.1 % for 2022 and +4.3 % for 2023 are also significantly above the average for the EU member states and the eurozone.

The Polish construction industry benefitted from the growth momentum and achieved a solid plus of 3.0 % in 2021. The only sector to decline was other building construction, which fell slightly by 0.8 %. This was offset, however, by a booming residential construction sector and solid development in civil engineering. The good economic data and the rapid implementation of the Next Generation EU package should provide additional stimulus for the growth of the Polish construction industry. At the same time, however, the dispute between the Polish government and the EU regarding the Polish legal system could have a limiting effect on the positive development. Euroconstruct still forecasts strong growth of 4.1 % and 3.8 % for the Polish construction sector in 2022 and 2023, respectively, with a slight slowdown in growth to 1.6 % expected in 2024.

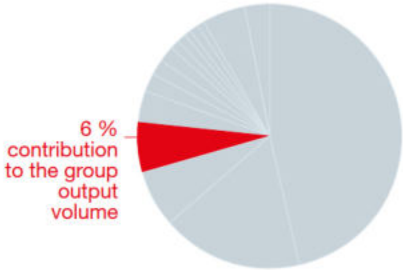
The residential construction sector in Poland boomed in 2021 due to rising incomes, historically low interest rates and a government programme specifically geared towards social housing. The volume of residential construction grew by 7.6 % in the reporting year. Euroconstruct expects a plus of 4.3 % in 2022 and 2.6 % in 2023 before a downward trend with a minus of 1.8 % starts in 2024.

Other building construction was hit hardest by the Covid-19 crisis. Demand for commercial buildings, restaurants and hotels, as well as for tourism and transport services, decreased noticeably. On the other hand, increased demand for warehouses is expected due to flourishing online trade. Expenditure in the healthcare sector is also expected to increase. After a significant decline in construction output in the previous year (-6.7 %), Euroconstruct expects a slight minus of 0.8 % for 2021 before a return to solid growth rates between 3.3 % and 4.6 % in the following years.

The Polish civil engineering sector also grew by 3.3 % in 2021. Significant increases could be seen in bridge construction and tunnelling, and the construction of long-distance pipelines and railway networks also exhibited above-average growth. Increasing public spending on infrastructure projects, especially multi-year government programmes for the construction and modernisation of transport infrastructure, are driving the development of the civil engineering segment in Poland. Euroconstruct therefore forecasts growth of 4.6 % and 4.1 % for 2022 and 2023, respectively, which is expected to weaken slightly to 2.7 % in the following year.

As the number two in the construction sector in Poland, STRABAG realised a construction volume of € 1,152.13 million here in 2021, representing 7 % of the group's total output volume (2020: 8 %). Poland thus represents the third-largest market of the STRABAG Group. Its market share in the entire Polish construction market was 2.2 % and its share of road construction was 12.2 %.

CZECH REPUBLIC



Overall construction volume: € 23.7 billion
GDP growth: 2021e: 3.2 % / 2022e: 4.2 %
Construction growth: 2021e: 0.6 % / 2022e: 1.9 %

The Czech economy recovered from the effects of the pandemic in 2021 with GDP growth of 3.2 % but continues to suffer from post-Covid-19 syndrome. Increased inflation and rising public debt were accompanied by higher energy prices and production declines in industry due to material shortages. Provided the epidemiological situation stabilises, the coming years should bring a return to stable growth. Euroconstruct expects a plus of 4.2 % for 2022, 2.4 % for 2023 and 2.0 % for 2024.

The Czech construction industry recorded a modest increase of 0.6 % in 2021. Following the massive slump in all construction sectors in the previous year, other building construction was the only segment to decline in the year under report. The biggest challenges facing the Czech construction industry, however, lie in structural problems such as the long duration of approval processes and the glaring shortage of labour. In addition, the country, which is almost exclusively dependent on imports for building materials, experienced price increases reminiscent of the communist era. A planned easing of building permits will not be felt until 2023 at the earliest. Euroconstruct forecasts a plus of 1.9 % for the Czech construction industry in 2022, with 2.2 % and 2.0 % for the following years.

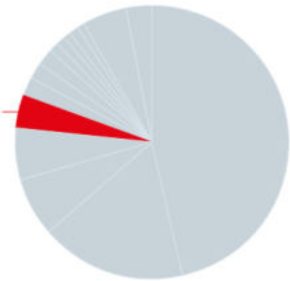
Residential construction, which continued to be characterised by high demand, grew by 1.6 % in 2021. Despite the pandemic, the banking sector registered record levels of real estate lending, as home ownership has a very high social value in the country. On the other hand, there was a shortage of supply in the central areas as well as sluggish construction procedures and further rising prices. In Prague, existing brownfield sites are now to be used specifically for the development of residential and office districts in the coming years. Against this backdrop, Euroconstruct predicts a slight increase of 1.0 % in residential construction for 2022, with growth of 2.5 % and 2.1 % for 2023 and 2024, respectively.

Other building construction was most affected by the Covid-19 crisis. The retail and services sectors were severely restricted by government measures. Government and businesses tried to maintain industrial production, but various private construction projects were postponed until the coming years. Overall, other building construction declined by 2.9 % in 2021. However, the number and volume of building permits issued in 2021 give hope for a rapid recovery. Accordingly, Euroconstruct expects a slight increase of 1.1 % for 2022, with growth of 3.8 % and 3.9 % in the following years.

Despite the pandemic and all other adversities, the Czech civil engineering sector was the most stable in 2021 with growth of 2.8 %. The government, as the largest investor, is trying to strengthen the weakened economy by investing in transport infrastructure and increasing the funds earmarked for this purpose with the help of EU subsidies. As transport construction accounts for about two-thirds of the total civil engineering volume, Euroconstruct expects growth of 3.8 % in 2022, with a slowdown to 0.4 % in 2023 and stagnation at zero growth in 2024.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 948.02 million in 2021, around 6 % of the group's total output (2020: 5 %) was generated in the country. The market share in the entire construction market is 3.5 % and in road construction amounts to 18.6 %.

HUNGARY



Overall construction volume:	€ 15.9 billion
GDP growth:	2021e: 6.8 % / 2022e: 5.5 %
Construction growth:	2021e: 3.3 % / 2022e: 7.2 %

With a plus of 6.8 %, the growth momentum of the Hungarian economy in 2021 was well above the European average. As the government had failed to agree on national investment programmes for future EU funds, however, Hungary entered the election year without national programmes for the EU reconstruction plan or for the multi-annual EU financial framework for the years 2021–2027. In order to pre-finance EU projects, the government therefore issued bonds of around € 4.5 billion in September. Based on the assumption of unchanged political parameters, Euroconstruct expects GDP growth of 5.5 % in 2022, 3.5 % in 2023 and 3.3 % in 2024.

The Hungarian construction industry recorded a solid plus of 3.3 % in 2021. The positive development was supported by the above-average momentum in other building construction as a result of government spending. Residential construction was also boosted by government measures, including a reduced VAT on home purchases from 27 % to 5 %. The government also established a new green housing loan model, which for the first time correlates the amount of the loan interest with the positive energy balance of the building project. Euroconstruct expects EU funds to start flowing again after the election and therefore forecasts strong growth rates of 7.2 % and 7.1 % for the entire construction sector for 2022 and 2023, respectively. In 2024, this value should be at around +3.4 %.

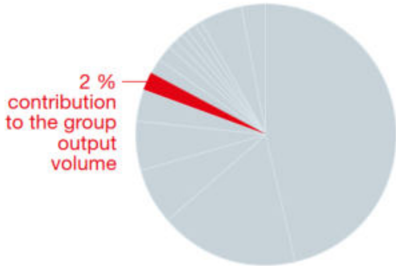
Supported by numerous government measures, residential construction stabilised again in 2021 with a slight plus of 0.7 %. The number of building permits in residential construction increased by 31 % in the reporting year, while construction prices rose by 11 %. Euroconstruct expects positive effects from measures at the EU level, where an energy-saving renovation wave is to be implemented with the recovery plan for Europe in the next ten years. On this basis, the sector is forecast to grow strongly by 11.5 % in 2022, with 2023 and 2024 showing values of +5.9 % and +3.8 %, respectively.

Stimulated by additional impulses from foreign producers settling in Hungary due to government incentives, other building construction increased by a strong 9.5 % despite the crisis. Several construction projects also got underway in the education and health sectors. In addition, the government increased funding from the EU agricultural fund to strengthen rural areas with the equivalent of € 11 billion. For 2022 and 2023, the experts from Euroconstruct predict more moderate growth of 2.9 % and 2.2 %, respectively, with a plus of 1.7 % in 2024.

Civil engineering continued to decline with a minus of 2.5 %. In the medium term, Euroconstruct expects a recovery here as well, provided that the conflict with the European Commission is resolved. Several megaprojects, two of which are financed by a Chinese and a Russian loan each, are nearing implementation. Based on this scenario, Euroconstruct expects very strong growth of 9.8 % and 14.7 % in 2022 and 2023, respectively, followed by a solid plus of 5.1 % in 2024.

The STRABAG Group generated € 651.55 million, or 4 % of its output, in Hungary in 2021 (2020: 4 %). This puts STRABAG in second place in the Hungarian construction market. Its share of the total market reached 4.2 %, that in road construction 16.3 %.

UNITED KINGDOM



Overall construction volume: € 197.7 billion
GDP growth: 2021e: 6.6 % / 2022e: 5.4 %
Construction growth: 2021e: 13.4 % / 2022e: 5.9 %

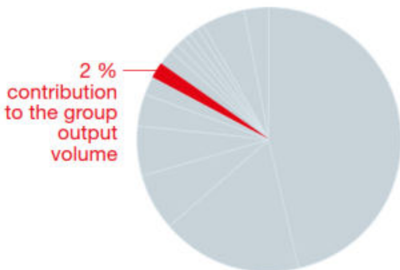
With GDP growth of 6.6 %, the UK economy was not yet able to compensate for the Covid-19-related slump. Supply bottlenecks due to stricter immigration rules following Brexit as well as the reintroduction of tariffs and more bureaucracy exacerbated the situation in the country. Against the backdrop of massive government programmes to boost the economy, Euroconstruct forecasts the UK economy to return to pre-crisis levels in 2022 with growth of 5.4 % before levelling off at 1.8 % in 2023.

Supported by massive government initiatives, the UK construction sector made up for the 2020 decline with a strong increase of 13.4 % in 2021. Residential construction registered record growth of 16.7 % thanks to expected public subsidies in social housing. Euroconstruct predicts an increase of 5.8 % for this segment in 2022, followed by +3.4 % and +2.7 % in 2023 and 2024, respectively.

Other building construction also grew significantly in 2021 with a plus of 7.7 %, though it will not return to pre-crisis levels until the end of 2022 (+7.3 %). The health and warehouse sectors performed particularly well. A plus of 3.4 % and 4.0 % is expected for other building construction in 2023 and 2024, respectively. In part spurred on by the High Speed 2 railway project, being built with the participation of STRABAG, construction output in the country's civil engineering sector reached a record growth of 17.5 %. Euroconstruct forecasts moderate growth of 3.7 % for the segment again in 2022. For 2023 and 2024, a plus of 2.3 % and 3.1 %, respectively, is expected.

The output volume of the STRABAG Group in the UK amounted to € 390.03 million in 2021.

SLOVAKIA



Overall construction volume: € 4.9 billion
GDP growth: 2021e: 3.7 % / 2022e: 4.2 %
Construction growth: 2021e: -6.3 % / 2022e: 5.1 %

Die Slovakia's export-dependent economy recorded a growth of 3.7 % in 2021. The development continued to be driven by private consumption and high net exports as well as the good order situation among the car manufacturers based in the country. However, rising energy prices and increased demand for goods also boosted inflation. Momentum for the labour market and for businesses came mainly from public-sector investments on the basis of EU funding programmes. For 2022 and 2023, a further recovery and growth of 4.2 % and 5.0 %, respectively, are expected. In 2024, growth is likely to level off at 0.7 %.

The Slovak construction industry, which had already grown at a significantly lower rate in previous years, fell by a further 6.3 % in 2021. Reasons for this development included the lack of foreign workers, problems with material procurement and quarantine regulations, but also restraint on the part of private and public clients. For 2022 and 2023, Euroconstruct expects a recovery of +5.1 % and +4.8 %, respectively, before the trend turns down again in 2024 with a minus of 0.5 %.

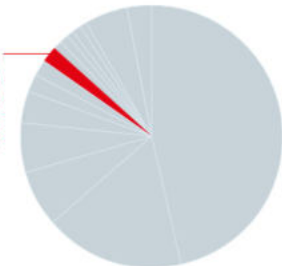
Residential construction, which had suffered a massive slump of 14.5 % in the first year of the pandemic, managed a slight increase of 1.4 % in 2021. For 2022, Euroconstruct expects a somewhat stronger recovery of +4.8 %, with increases of 2.8 % and 1.5 % forecast respectively for 2023 and 2024.

Other building construction was also strongly impacted by the Covid-19 situation. Private investors, as the most important client group, were hit hard by the restrictions, while the public sector re-examined already planned investments in the education and healthcare sectors. Construction and completion delays were the result, so that production in other building construction again fell by 8.5 %. Euroconstruct expects a return to growth of 4.3 % in 2022. For 2023, the sector is predicted to grow strongly by 6.7 % before the growth rate levels off at 3.0 % in 2024.

With a 9.8 % decline in construction output, civil engineering suffered painful losses for the third year in a row in 2021. State funds were not sufficient to finance the existing demand for transport infrastructure, while at the same time long decision-making processes and non-transparent tendering procedures led to delays in the start of construction. In 2022 and 2023, large transport projects in particular should lead to positive growth rates of 6.3 % and 4.5 %, while a decline of 6.4 % is again expected for 2024.

With a market share of 6.1 % and an output volume of € 289.14 million in 2021, STRABAG is the leader in Slovakia. In road construction, STRABAG's share is 13.7 %. In 2021, Slovakia contributed 2 % to the group's total output volume (2020: 2 %).

ROMANIA



Overall construction volume:	€ 23.4 billion
GDP growth:	2021e: 7.0 % / 2022e: 4.6 %
Construction growth:	2021e: -0.3 % / 2022e: 2.4 %

The Romanian economy recovered significantly from the impact of the Covid-19 pandemic in 2021, resulting in a GDP increase of 7.0 %. EEC-FA also forecasts economic growth of 4.6 % and 5.3 % for 2022 and 2023, respectively. While public debt and the national budget deficit will continue to increase, this will be offset by the continuous increase in industrial production and private consumption.

After three years of growth, the construction industry in Romania stagnated at a minus of 0.3 % in 2021. Residential construction stands out especially, as it has been the strongest contributor to the growth of the construction industry for several years due to high demand in this area. This trend could be continued in 2021 with a plus of 4.3 % thanks to historically low interest rates and the recovery on the labour market. Demand has been further bolstered due to concerns over rising inflation and increasing property prices. In the first three quarters of 2021 alone, 28 % more residential building permits were issued than the year before, with a focus on Bucharest. For 2022, EECFA expects a further increase of 3.2 % before the market starts to shrink slightly in 2023 (-1.5 %).

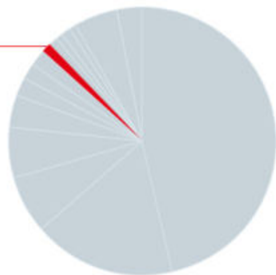
Output in other building construction fell significantly by 7.2 % in 2021. Severe losses were seen in the office segment in particular. Here, the decline in 2021 was as much as 15.9 %. Because of the pandemic, it became increasingly popular for companies to allow their employees to work from home, with a resulting decrease in the demand for office space. Hotel construction was hit even harder. In contrast, the trend is clearly on the up again for commercial and industrial buildings as well as in the area of healthcare and education facilities. EECFA expects output in the segment as a whole to increase by 2.1 % and 2.9 % in 2022 and 2023, respectively.

The civil engineering sector in Romania stagnated at -0.5 % in 2021, although according to EECFA it will recover slightly starting in 2022 with a plus of 1.7 % before growing more significantly in 2023 by

+6.9 %. Road construction in particular, the largest and most important sector, is making rapid progress, supported by EU funding programmes. The national reconstruction plan approved by the EU in 2021 alone provides for about € 3 billion for transport infrastructure construction, including 429 km of motorways. The energy sector also has great potential in the next few years, especially because of the phasing out of coal production. According to EECFA, Romania's total construction output is expected to grow by 2.4 % in 2022 and by 2.2 % in 2023.

With an output of € 264.18 million in 2021 the STRABAG Group holds a 1.1 % share of the entire Romanian construction market. In Romanian road construction, the share of the market stands at 4.4 %.

BENELUX (BELGIUM AND NETHERLANDS)



BELGIUM

Overall construction volume:	€ 45.7 billion
GDP growth:	2021e: 5.7 % / 2022e: 3.0 %
Construction growth:	2021e: 10.3 % / 2022e: 3.6 %

NETHERLANDS

Overall construction volume:	€ 89.3 billion
GDP growth:	2021e: 3.9 % / 2022e: 3.5 %
Construction growth:	2021e: 0.8 % / 2022e: 4.9 %

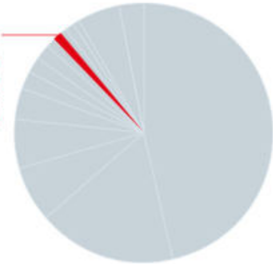
The economies of Belgium and the Netherlands experienced a strong economic recovery. Belgium achieved GDP growth of 5.7 % in 2021, while growth in the Netherlands came to 3.9 %. In both countries, government measures were able to mitigate the negative economic impact of the crisis. Economic growth is also forecast for 2022 in both countries (Belgium: +3.0 %, Netherlands +3.5 %). In the following years, annual growth in both countries is expected to settle between 1.3 % and 1.5 %.

The **Belgian construction industry** was able to more than compensate for the previous economic slump with growth of 10.3 % in the reporting period. The strongest growth was in other building construction with a plus of 12.8 %, followed by residential construction with +9.5 % and civil engineering with +8.0 %. The main drivers of this development were investments by private enterprises and a stable situation on the labour market. Public investments in energy efficiency and renovation programmes, such as the Walloon social housing renovation programme, reinforced the momentum. Additional public spending for reconstruction resulted from the flood disaster in the summer. The civil engineering segment is expected to again grow significantly in 2022 at +5.2 %, driven mainly by large infrastructure projects such as the expansion of the regional rapid transit network, with reduced growth of 1.4 % and 2.6 % in 2023 and 2024, respectively. Other building construction benefits from the renovation of Walloon hospitals and the reconstruction after the flood disaster and should still grow by 2.3 % in 2022, followed by growth of less than 1 % thereafter. For the sector as a whole, Euroconstruct forecasts growth of 3.6 % in 2022, 0.3 % in 2023 and 0.8 % in 2024.

The **Dutch construction industry** also emerged relatively unscathed from the pandemic. After a decline of 1.7 % in the first year of the crisis, the construction sector achieved a plus of 0.8 % in 2021. For 2022, Euroconstruct continues to expect clearly positive effects on the construction industry, resulting in strong growth of 4.9 %. This trend is likely to continue in 2023 and 2024, albeit at a somewhat slower pace of +3.6 % and + 2.0 %, respectively. Government measures, combined with payment deferrals by banks and tax authorities, have kept household incomes stable. A restrictive law passed by the Dutch government to limit nitrogen emissions in environmentally sensitive regions of the densely populated country had a dampening effect on the development of construction output. A lack of building permits and spatial planning concepts had a greater impact on the Dutch construction sector than the Covid-19 crisis. For 2021, Euroconstruct expects a plus of only 2.3 % for residential construction due to the large discrepancy between supply and demand, with a strong plus of 7.4 % forecast for the sector in 2022 due to catch-up effects. Other building construction showed a similar development with a plus of 1.5 %. A stronger plus of 3.6 % is also predicted in this area for 2022. Civil engineering declined for the first time in many years with a minus of 2.7 %. Many civil engineering projects were no longer in line with the strict environmental regulations or with the societal development with regard to sustainability. For the following years, growth rates between 2.0 % and 2.5 % are predicted for the sector.

STRABAG achieved an output volume of € 232.31 million in the Benelux countries in 2021. This corresponds to a 1 % share of the group output volume (2020: 2 %).

SWITZERLAND



Overall construction volume: € 65.3 billion
GDP growth: 2021e: 3.2 %/2022e: 3.6 %
Construction growth: 2021e: 1.5 %/2022e: 0.7 %

The Swiss economy showed robust performance in the period under review. GDP growth was 3.2 % in 2021, with +3.6 % expected for 2022. The main drivers of the recovery were the rapid opening of the tourism and services sectors as well as the catch-up effect in private consumption. The highly export-oriented pharmaceutical industry proved to be a particularly stable pillar of the Swiss economy. In addition, the inflation rate was very low in a European comparison, at 0.5 %, with low inflation of +0.6 % and 0.4 % expected for the Swiss economy in 2022 and 2023.

The Swiss construction industry recovered from the impact of the Covid-19 crisis in 2021 with growth of 1.5 %. The development was essentially driven by the temporary upswing in the residential construction sector. In the following years, construction investments are expected to increase only slightly (2022: +0.7 %, 2023: +0.4 %, 2024: +0.4 %). The weakening demand in residential construction is likely to be offset by increased demand from Swiss industry in other building construction. Civil engineering declined slightly for the first time after several years in 2021 with a minus of 0.3 %.

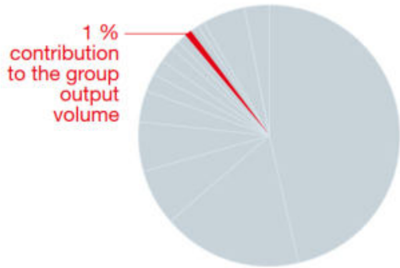
The housing market in Switzerland was already largely saturated before the outbreak of the pandemic. During the crisis, however, stable household incomes as well as attractive financing conditions and the rapid issuing of building permits led to a plus of 2.9 % in 2021. For 2022, Euroconstruct still expects a slight plus of 0.2 % before the figure turns to -1.0 % in 2023 and stagnates in 2024.

Other building construction recorded a slight increase of 0.9 %. Large-scale construction projects in industry and the biopharmaceutical sector, as well as in the healthcare and education sectors, should continue to result in positive growth rates in subsequent years. Several large projects are in the final phase. Euroconstruct therefore forecasts other building construction to grow by 1.6 % in 2022, 2.2 % in 2023 and 0.8 % in 2024.

Civil engineering is proving to be quite resilient. After a decline of 0.3 % in the reporting year, slight increases of 0.5 %, 0.4 % and 0.7 % are expected for the following years. The two infrastructure funds of the Swiss government – for the railway and the road network – are an important stabiliser.

In 2021, Switzerland contributed € 191.71 million, or 1 % (2020: 1 %), to the total output volume of the STRABAG Group.

SWEDEN



Overall construction volume:	€ 51.1 billion
GDP growth:	2021e: 4.7 %/2022e: 3.9 %
Construction growth:	2021e: 8.3 %/2022e: -1.1 %

In 2021, the Swedish economy returned to the growth momentum of the pre-pandemic years with GDP growth of 4.7 %. Selective government measures and public sector investments helped businesses and households to successfully weather the crisis. Industry recovered relatively quickly, although the rise in unemployment to 8.9 % could still have a negative impact on the overall economy in the following years. The Swedish central bank is attempting to limit the rate of inflation to a value of 2 % in the long term through a controlled monetary policy. Euroconstruct expects GDP growth of 3.9 % in 2022. In 2023 and 2024, growth should then settle at 1.4 % and 1.5 %.

The pandemic impacted the Swedish construction industry to varying degrees. Due to the less rigid restrictions compared to other European countries, construction companies recorded a strong increase in production rates. Residential construction, which had previously stagnated, experienced a veritable upswing, and other building construction grew by 4.5 %. The increasing digitalisation in consumer behaviour through e-commerce was particularly noticeable with the significant growth in the logistics sector, while the market for office buildings declined. Civil engineering also increased significantly with a plus of 6.7 %. According to Euroconstruct, the total output of the Swedish construction industry will remain at a high level in the following years, albeit with slightly declining rates (2022: -1.1 %, 2023: -1.3 %, 2024: -0.3 %).

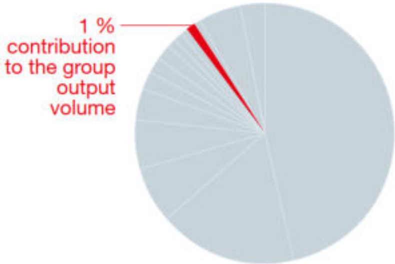
Residential construction experienced a real boom in 2021 with an increase of 13.0 %. This development was triggered by monetary measures of the Swedish central bank, selective measures by the government and the existing supply shortage. For 2022, Euroconstruct expects a decrease of 2.0 %, with -1.5 % and -2.4 % in the two following years.

Government measures also boosted other building construction in the year under review with an increase of 4.5 %. The highest growth rates were recorded in logistics buildings and healthcare. Euroconstruct forecasts declining rates of -2.0 % and -0.4 % for the sector in 2022 and 2023, respectively, before the sector turns positive again in 2024 with +0.7 %.

The Swedish civil engineering segment grew strongly again with a plus of 6.7 %. The development was driven by investments due to the demographic development and increasing urbanisation, favourable financing conditions and projects to reduce greenhouse gas emissions. Public investments in rail infrastructure and public transport as well as in wind and hydropower projects provided important momentum here. After the high growth rates of this subsector in previous years, Euroconstruct therefore expects the level to be maintained at +0.4 % in 2022, before the trend turns negative with -1.9 % in 2023. Growth in 2024 is again expected to be positive at +1.0 %.

The output volume of the STRABAG Group in Sweden amounted to € 121.26 million in 2021.

CROATIA



Overall construction volume:	€ 5.1 billion
GDP growth:	2021e: 8.1 % / 2022e: 5.6 %
Construction growth:	2021e: 10.0 % / 2022e: 5.8 %

The Croatian economy was hit hard by the pandemic in 2020, but it recovered quickly in 2021. The main driver for the GDP growth of 8.1 % was the excellent development in the tourism sector with a 70 % increase in visitors in the first three quarters of 2021 compared to the previous year. But industrial production, private consumption and retail sales also increased significantly. International programmes made a significant contribution to easing the strain on the budget caused by Covid-19. These include the EU's recovery plan for Europe and the current EU programme as well as far-reaching aid for the damage after the severe earthquakes of 2020 in Zagreb and Sisak-Moslavina County. Against this backdrop, EECFA expects the Croatian economy to continue to grow by 5.6 % and 3.4 % in 2022 and 2023, respectively.

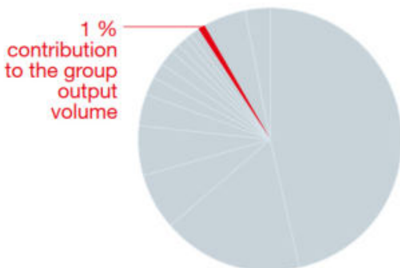
The Croatian construction industry developed even slightly better than the GDP in 2021, with a plus of 10.0 %. Demand remains strong in residential construction despite Covid-19, with sufficient financial resources to provide an adequate supply. The segment therefore grew by 9.9 % in 2021. However, rapidly rising housing prices and construction costs could worsen the situation. EECFA predicts growth of 8.4 % and 4.9 % for this segment in 2022 and 2023, respectively.

Development in other building construction has been comparatively subdued, with low growth rates for office, commercial and hotel buildings. The construction of healthcare and education facilities is not expected to pick up until 2022. The industrial and warehousing sector is growing moderately. Following growth of 2.3 % in 2021, EECFA expects other building construction to grow by 2.9 % and 1.4 %, respectively, in the following two years.

The Croatian civil engineering segment has shown extraordinarily positive growth. Hydropower projects and the expansion of pipelines as well as communication and power grids are contributing to this development, driven by the promotion of "green" energy. Complex construction projects in the industrial sector and the expansion of marina and cable car facilities are further stimulating the segment. In 2021, civil engineering recorded an increase of 16.3 %, while EECFA forecasts growth of 5.0 % and 3.6 % in 2022 and 2023, respectively. Overall, the Croatian construction industry is expected to grow by 5.8 % in 2022 and by 3.6 % in 2023.

The STRABAG Group generated € 177.38 million in the Croatian market in 2021.

SERBIA



Overall construction volume:	€ 4.3 billion
GDP growth:	2021e: 7.2 % / 2022e: 5.5 %
Construction growth:	2021e: 12.3 % / 2022e: -3.4 %

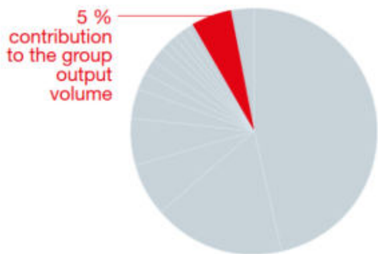
Serbia has come through the Covid-19 crisis better than other countries in the region, with economic growth of 7.2 % in 2021. Tourism does not play a major role in the overall economy. At the same time, however, the country is experiencing record employment and substantial growth in real wages in a low-interest environment. Comprehensive and rapid government aid packages are also helping to sustain purchasing power. For 2022 and 2023, EECFA expects GDP growth of 5.5 % and 5.0 %, respectively.

The construction industry is one of the most important sectors of the country's economy, achieving an impressive plus of 12.3 % in 2021. In residential construction, which grew by 7.4 % in the same year, the construction of single-family homes boomed in particular. According to EEC- FA, rising material and labour costs will lead to lower or even negative growth rates in 2022 and 2023 (+ 4.0 % and -1.8 %, respectively). In other building construction, 2021 saw growth of 10.2 % in industrial and office buildings in particular but also with projects in the healthcare, education and transport sectors. For 2022, however, EECFA expects a decline of the same magnitude (-10.2 %) with a minus of 3.6 % in 2023.

Serbia's civil engineering sector proved to be the strongest in 2021 with a plus of 15.0 %. This was mainly due to extensive state investments in the areas of energy and transport infrastructure. For 2022, EECFA predicts a slight decline of 2.3 % for this segment, with a return to growth of 3.3 % in 2023. Overall, Serbia's construction industry will suffer a slight dip of -3.4 % in 2022. In 2023, construction output will remain roughly the same at +0.7 %.

The STRABAG Group generated an output volume on the Serbian market of € 154.60 million in 2021.

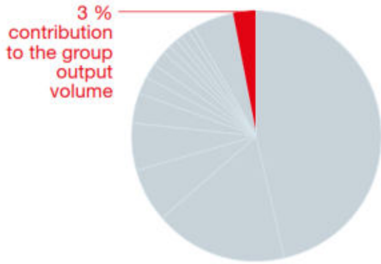
MIDDLE EAST, AMERICAS, AFRICA, ASIA



In order to make itself as independent as possible from the economic development of individual countries and so spread its country risk as widely as possible, STRABAG is also active outside of its main markets in Europe. As a rule, the company acts as a main contractor in direct export. With this in mind, the group has been present in Africa, Asia, Canada, Chile and the Middle East for many years, often even decades. STRABAG focuses on areas that are characterised by high technological expertise: civil engineering, industrial and infrastructure projects as well as tunnelling.

In 2021, the STRABAG Group generated a total € 864.88 million, or 5 % of its total output outside Europe (2020: 5 %). The activities in non-European countries are – with a few exceptions – assigned to the International + Special Divisions segment.

DENMARK, BULGARIA, SLOVENIA, ITALY, RUSSIA AND REST OF EUROPE



DENMARK

Overall construction volume:	€ 40.9 billion
GDP growth:	2021e: 3.7 % / 2022e: 3.2 %
Construction growth:	2021e: 5.1 % / 2022e: 2.1 %

BULGARIA

Overall construction volume:	€ 8.1 billion
GDP growth:	2021e: 4.0 % / 2022e: 3.3 %
Construction growth:	2021e: 6.5 % / 2022e: 16.5 %

SLOVENIA

Overall construction volume:	€ 3.5 billion
GDP growth:	2021e: 6.1 % / 2022e: 4.7 %
Construction growth:	2021e: 5.0 % / 2022e: 6.0 %

ITALY

Overall construction volume:	€ 171.4 billion
GDP growth:	2021e: 6.7 % / 2022e: 4.2 %
Construction growth:	2021e: 15.1 % / 2022e: 5.6 %

RUSSIA

Overall construction volume:	€ 125.0 billion
GDP growth:	2021e: 4.2 %
Construction growth:	2021e: 3.2 %

Denmark

The fundamentally stable and robust Danish economy has so far been spared severe impacts from the Covid-19 pandemic. Thanks to the low public debt, the government's aid measures to cushion the fallout should not be a problem. Uncertainties aside from the pandemic include Brexit, as the UK is the country's most important trading partner. Denmark's GDP grew by 3.7 % in 2021, with growth of 3.2 % expected in 2022, 2.4 % in 2023 and 2.2 % in 2024.

With a plus of 5.1 %, the construction industry weathered the consequences of the Covid-19 crisis even better than the economy as a whole. Some construction projects were delayed or stopped, while a number of public projects were accelerated. Euroconstruct forecasts growth of 2.1 % for 2022, with a plus of 1.7 % for each of the following two years. Residential construction recorded another peak year in the reporting period with a strong increase of 7.8 %. Moderate growth of 2.3 % is expected for 2022, followed by +1.4 % in both 2023 and 2024. Other building construction grew by 2.1 %. Private investment declined and expected "green" investments did not boom to the extent that had been hoped. In the following years, the segment is forecast to remain stable with annual growth rates between 1.8 % and 1.9 %. The civil engineering sector grew at a solid 3.0 % in 2021. As the government's energy and climate protection measures as well as an infrastructure investment plan are only slowly getting underway, Euroconstruct expects moderate growth of 2.1 % in 2022 and in the following two years.

The output volume of the STRABAG Group in Denmark amounted to € 109.05 million in 2021.

Bulgaria

After the pandemic-related economic slump in 2020, the Bulgarian economy returned to growth of 4.0 % in 2021, primarily due to private consumption and higher disposable incomes. The fourth wave of the pandemic will slow down this growth, however. For 2022 and 2023, EECFA predicts a GDP increase of 3.3 % and 1.6 %, respectively.

With a plus of 6.5 %, the Bulgarian construction industry outperformed the national economy in 2021. Residential construction proved to be very strong and robust in 2021 with an increase of 16.6 %. This is mainly due to the low interest rates and the appeal of residential real estate as a safe investment. The massive increase in demand, especially in the larger cities, continues to fuel prices. EECFA predicts a plus of 7.0 % for residential construction in 2022, with a slight decline of 1.7 % expected for 2023. Output in other building construction fell by a further 1.5 % in 2021 after a sharp drop the year before. Office buildings were particularly affected. For 2022, EECFA expects a plus of 2.4 % in this segment, followed by a minus of 2.9 % in 2023.

The Bulgarian civil engineering sector grew by 5.5 % in 2021, with a focus on energy and water supply projects. For 2022, EECFA forecasts a massive increase of 29.5 % for civil engineering, although the output is expected to slump by 45.4 % in 2023 due to the lack of preparation for the new EU programme period and the national recovery plan. In line with these developments, EECFA expects the Bulgarian construction industry to return to strong growth in 2022 (+16.5 %), before shrinking by almost a quarter in 2023 (-24.9 %).

The STRABAG Group generated € 81.42 million on the Bulgarian market in 2021.

Slovenia

After a significant slump in 2020 due to the Covid-19 pandemic, the Slovenian economy recovered more quickly than expected in 2021 with a plus of 6.1 %. Growth was driven by foreign trade, fixed-asset investments on the part of businesses, and private consumption. For 2022 and 2023, EECFA expects GDP to increase by 4.7 % and 3.3 %, respectively.

The Slovenian construction industry also performed better than forecast in 2021. Construction output increased by 5.0 % despite rising construction costs and supply bottlenecks. The lion's share of this output was accounted for by residential construction, with a focus on the Ljubljana region. Real estate as an alternative to bank savings, as well as the poor condition of many flats, boosted demand for residential property, which was reflected in double-digit growth of 14.6 %. EECFA expects this segment to continue to grow by 5.8 % in 2022 and by 3.9 % in 2023. In contrast, other building construction recorded a slight decline of 2.1 % in 2021. However, as numerous projects have already been planned, growth of 3.9 % and 2.1 % is expected for 2022 and 2023, respectively. The situation in civil engineering is similar, with a slightly positive balance of +1.9 % in 2021. Significant growth of 7.6 % is expected for 2022, however, due among other things to an extensive list of projects in road and railway construction. For 2023, EECFA forecasts a plus of 3.6 % for civil engineering. The Slovenian construction industry as a whole should grow by 6.0 % in 2022 and by 3.3 % in 2023.

The STRABAG Group achieved an output volume of € 104.30 million in Slovenia in 2021.

Italy

The Italian economy was hit hard by the rapid spread of the Covid-19 virus in 2020 but recovered just as quickly in 2021. The GDP slump in the first year of the crisis (-8.9 %) was compensated for to a large extent in 2021 with a plus of 6.7 %. Restrictive health policy measures combined with investment-stimulating measures by the public sector, EU-financed investments and the continuation of the expansionary monetary policy to stabilise the financial markets had a positive effect. Euroconstruct forecasts that the Italian economy will grow by 4.2 % in 2022, higher than pre-crisis levels, with +1.8 % in 2023 and +1.4 % in 2024.

After the slump in the first year of the crisis (-4.9 %), the Italian construction sector experienced a small upswing in 2021 with a plus of 15.1 %. The construction industry acted as an important strategic driver of the Italian economy in the reporting year. This development is expected to continue at a slower pace in 2022, with growth of 5.6 %, before the trend turns negative with a contraction of -0.5 % in both 2023 and 2024. Residential construction grew particularly strongly, with a plus of 19.5 %, especially in the area of maintenance and renovation. A tax "super bonus" for energy-saving measures contributed significantly to this development. Similar to the sector as a whole, Euroconstruct also forecasts a significant increase of 4.6 % for the residential construction sector in 2022 before the trend turns negative in 2023 and 2024 with -4.8 % and -3.5 %, respectively.

Other building construction also prospered in the year under review with an above-average increase of 11.0 % (2020: -7.4 %). Construction output is expected to increase by a moderate 4.9 % in 2022, followed by 1.9 % and 1.4 % in the following two years. Drivers of this growth include substantial public financing guarantees and favourable refinancing conditions from the European Central Bank.

Even in times of crisis, the Italian civil engineering segment proved to be very robust, growing by a strong 11.0 % in 2021 with a continued focus on rail and road infrastructure. Euroconstruct predicts another strong increase of 8.7 % for civil engineering in 2022, followed by +5.9 % and +2.9 % in the following years.

The output volume of the STRABAG Group in Italy amounted to € 58.35 million in 2021.

Russia

The Russian economy experienced a stable upward trend in 2021 as the impact of the Covid-19 pandemic abated. Contributing factors to the 4.2 % increase in GDP included high gas and oil prices and government aid measures for the economy.

The Russian construction industry, which grew by 3.2 % in 2021, is suffering above all from lower purchasing power as well as from rising consumer prices and capital costs. This is particularly evident in residential construction. This segment still flourished in the first half of 2021 thanks to state-supported loans, which was also reflected in a plus of 3.8 % for the year as a whole. In other building construction, the completion of deferred projects in 2021 was mainly responsible for the 4.1 % increase. In civil engineering, state guarantees ensured growth in almost all segments, especially in motorway and bridge construction. In 2021, the increase in this segment was 2.4 %.

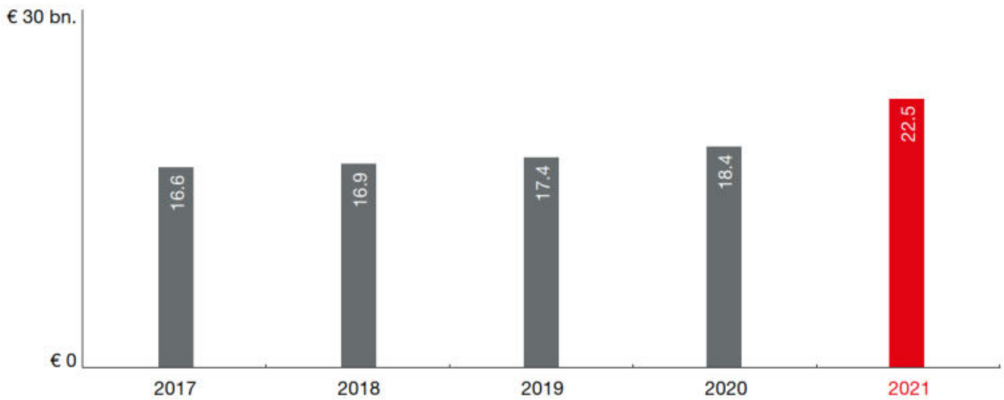
The STRABAG Group generated an output volume of € 46.33 million in Russia in 2021. In the region, STRABAG was almost exclusively active in building and industrial construction. In March 2022, the Management Board of STRABAG SE made the decision to wind up all activities in this country.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2021

€ mln.	Total 2021	North + West	South + East	International + Special Divisions	Other	Total 2020	▲ total %	▲ total absolute
Germany	10,724	9,439	216	1,063	6	8,217	31	2,507
Austria	2,663	57	2,266	340	0	1,809	47	854
United Kingdom	2,209	47	0	2,162	0	2,053	8	156
Poland	1,628	1,587	6	35	0	1,296	26	332
Czech Republic	930	0	909	20	1	846	10	84
Americas	815	0	0	815	0	598	36	217
Hungary	711	5	696	10	0	435	63	276
Middle East	368	0	13	355	0	383	-4	-15
Slovakia	290	0	279	10	1	322	-10	-32
Asia	272	0	11	261	0	281	-3	-9
Romania	248	4	241	3	0	230	8	18
Croatia	242	0	242	0	0	174	39	68
Benelux	232	211	0	21	0	368	-37	-136
Bulgaria	178	0	123	55	0	198	-10	-20
Rest of Europe	173	21	149	3	0	171	1	2
Denmark	158	156	0	2	0	229	-31	-71
Russia	122	0	122	0	0	115	6	7
Sweden	119	101	0	18	0	115	3	4
Africa	107	0	69	38	0	76	41	31
Switzerland	102	0	101	1	0	150	-32	-48
Serbia	93	0	93	0	0	124	-25	-31
Italy	61	0	9	52	0	73	-16	-12
Slovenia	56	0	52	4	0	106	-47	-50
Total	**22,501**	**11,628**	**5,597**	**5,268**	**8**	**18,369**	**22**	**4,132**

DEVELOPMENT OF ORDER BACKLOG



At € 22,500.85 million, the order backlog was 22 % higher than in the previous year – another record level. The order backlog increased especially in the home markets of Germany and Austria, but also in core markets such as Poland and Hungary, thanks to numerous new projects in a wide range of sectors. In Germany, these projects include an office tower complex for Helaba in Frankfurt, a shipbuilding facility for ThyssenKrupp Marine Systems in Kiel and the six-lane expansion of the A8 motorway near Pforzheim along a length of 4.8 km. New orders in Poland comprise, among other things, two design-and-build projects for a 12 km section of the S19 expressway and the S12 bypass road for the city of Chełm. In Hungary, the order books were filled in part by projects for a two-lane expansion of the 67 expressway over a length of 10 km, the expansion of a railway section of the TEN-T network and the gap closure of the M6 motorway to the Croatian border.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2021

Category	Number of construction sites	Number of construction sites as % of total	Order backlog € mln.[1]	Order backlog as % of total
Small orders (€ 0–1 mln.)	8,725	77	1,780	8
Medium-sized orders (€ 1–15 mln.)	2,216	19	4,203	19
Large orders (€ 15 –50 mln.)	321	3	4,784	21
Very large orders (>€ 50 mln.)	137	1	11,734	52
Total	**11,399**	**100**	**22,501**	**100**

Part of the risk management

The total order backlog is comprised of 11,399 individual projects. 8,700 of these, or 77 %, involve small orders with a volume of up to € 1 million each; the much smaller remaining proportion of 23 % covers medium-sized to very large orders with contract volumes of € 1 million and up. A total of merely 137 projects have a volume above € 50 million. The high number of individual contracts guarantees that the risk involved with one project does not, as far as possible, threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2021 added up to 22 % of the order backlog.

THE TEN LARGEST PROJECTS IN THE ORDER BACKLOG AS AT 31 DECEMBER 2021

Country	Project	Order backlog € mln.[1]	as % of total order backlog
United Kingdom	HS2 high-speed rail line	1,367	6.1
United Kingdom	Woodsmith Project	799	3.6
Germany	US hospital, Weilerbach	645	2.9
Germany	Central Business Tower	462	2.1
Canada	Scarborough Subway Extension Line 2	457	2.0
Germany	PPP A49 motorway	318	1.4
Germany	Stuttgart 21, underground railway station	238	1.1
Hungary	Railway line Békéscsaba—Lökösháza	228	1.0
Austria	U2 underground line, sections 17–21	213	1.0
Germany	EDGE East Side	212	0.9
Total		**4,939**	**22.0**

Financial performance

The consolidated **group revenue** for the 2021 financial year amounted to € 15,298.54 million. As with the output volume, this corresponds to a slight plus of 4 %. The ratio of revenue to output remained at the previous year's level of 95 %. The operating segments North + West contributed 48 %, South + East 32 % and International + Special Divisions 20 % to the revenue.

The **changes in inventories** involve mainly real estate project developments. The business continued to be actively pursued, but the sale of two large projects exceeded the volume of new project developments. The **own work capitalised** increased slightly from a low level due to the realisation of several corporate locations. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expenses**, expressed in relation to the revenue, fell from 88 % to 87 %.

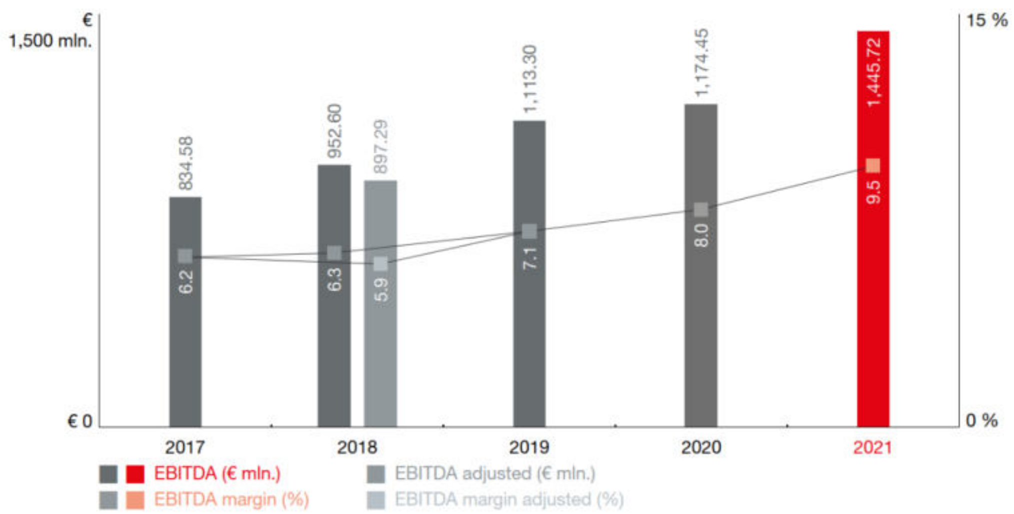
1 Rounding differences are possible.

EXPENSES

€ mln.	2021	2020	▲ %
Construction materials, consumables and services used	9,415.08	9,304.35	1
Employee benefits expenses	3,843.58	3,713.07	4
Other operating expenses	823.82	910.52	-10
Depreciation and amortisation expense	549.61	543.80	1

The **earnings from equity-accounted investments**, which also includes earnings from joint ventures, rose to € 92.11 million in the reporting **period**. **The net income from** investments, which is composed of the dividends and expenses of many smaller companies or financial investments, fell in comparison to the previous year.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN[1]



In total, the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) increased by 23 % to € 1,445.72 million, significantly topping the € 1.0 billion mark for the third year in a row. The EBITDA margin grew from 8.0 % to 9.5 %. The depreciation and amortisation expense increased minimally by € 5.81 million to € 549.61 million compared to the previous year.

The **earnings before interest and taxes** (EBIT) rose by 42 % to € 896.11 million as a result of numerous positive earnings effects in all segments. This corresponds to an EBIT margin of 5.9 % after 4.3 % in 2020.

Earnings per share: € 5.71

The **net interest income** improved by € 8.03 million to € -12.57 million due to the absence of interest expenses. The negative exchange rate result of € -3.88 million was slightly lower than in the previous year (2020: € -5.35 million).

Effective tax rate: 32.5 %

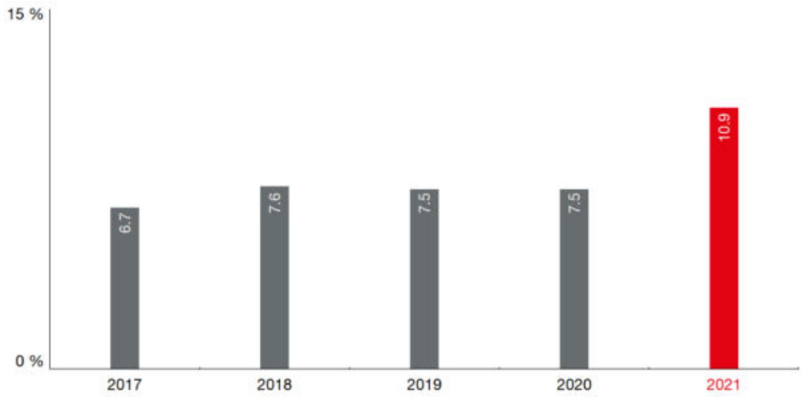
On balance, the **earnings before taxes** stood at € 883.54 million. The income tax rate, at 32.5 %, was slightly lower than in the previous year. The **net income** amounted to € 596.40 million, which corresponds to an increase of € 197.34 million compared to 2020.

The earnings owed to minority shareholders amounted to € 10.69 million after € 3.84 million in the previous year. The **net income after minorities** for 2021 thus stood at € 585.71 million – an increase of 48 %. The earnings per share amounted to € 5.71 (2020: € 3.85).

The **return on capital employed** (ROCE)[2] rose from 7.5 % in the previous year to 10.9 %, the highest value in the history of STRABAG SE.

1 2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million.
2 ROCE = (net income + interest on debt – interest tax shield (25 %)) / (average group equity + interest-bearing debt)

DEVELOPMENT OF ROCE



Financial position and cash flows

BALANCE SHEET

€ mln.	31.12.2021	% of balance sheet total[1]	31.12.2020	% of balance sheet total[1]
Non-current assets	4,989.56	41	5,135.35	42
Current assets	7,236.21	59	6,981.09	58
Equity	4,071.82	33	4,108.22	34
Non-current liabilities	2,146.39	18	2,382.85	20
Current liabilities	6,007.56	49	5,643.37	46
Total	**12,225.77**	**100**	**12,134.44**	**100**

The total of assets and liabilities, at € 12.2 billion, remained almost unchanged compared to the previous year. Worth mentioning is the increase in cash and cash equivalents by € 106.30 million to € 2,963.25 million despite the distribution of the higher dividend totalling € 707.94 million for the year 2020. The nominal capital decreased as a result of the withdrawal of treasury shares. Non-current financial liabilities decreased in favour of current financial liabilities due to the last tranche of the bond in the amount of € 200 million. Equity decreased slightly to € 4,071.82 million yet remained above the € 4 billion mark as in the previous year. This was reflected in a decline in the **equity ratio** from 33.9 % to 33.3 %.

KEY BALANCE SHEET FIGURES

	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021
Equity ratio (%)	30.7	31.6	31.5	33.9	33.3
Net debt (€ mln.)	-1,335.04	-1,218.28	-1,143.53	-1,747.23	-1,937.18
Gearing ratio (%)	-39.3	-33.3	-29.7	-42.5	-47.6
Capital employed (€ mln.)	5,242.91	5,552.09	5,838.71	5,815.14	5,750.63

Net cash position up to € 1.9 billion

A net cash position was reported as usual on 31 December 2021. This figure was up to € 1.9 billion in the face of the lower severance and pension provisions and the increased cash and cash equivalents.

[1] Rounding differences are possible.

CALCULATION OF NET DEBT[1]

€ mln.	**31.12.2017**	**31.12.2018**	**31.12.2019**	**31.12.2020**	**31.12.2021**
Financial liabilities	1,293.98	1,363.33	1,422.21	1,156.01	1,193.62
Severance provisions	111.10	114.68	124.68	122.55	108.36
Pension provisions	440.11	420.31	435.92	428.36	376.83
Non-recourse debt	-389.78	-730.77	-665.53	-597.20	-652.74
Cash and cash equivalents	-2,790.45	-2,385.83	-2,460.81	-2,856.95	-2,963.25
Total	**-1,335.04**	**-1,218.28**	**-1,143.53**	**-1,747.23**	**-1,937.18**

The **cash flow from operating activities** fell from € 1,279.66 million to € 1,220.56 million, despite the increased cash flow from earnings. The main reason for this development was a less pronounced reduction in working capital compared to the previous year. The expectation of a significant reduction in advance payments in 2021 and a concomitant increase in working capital to familiar levels failed to materialise. The **cash flow from investing activities** was again slightly more negative following the lower investments in intangible assets and property, plant and equipment in 2020 due to Covid-19. The **cash flow from financing activities** showed a value of € -743.90 million after € -495.89 million in the previous year, which is mainly due to the dividend payment.

REPORT ON OWN SHARES

The 17th Annual General Meeting on 18 June 2021 passed a resolution for a simplified reduction of the share capital by € 7,400,000.00 in accordance with Article 9 Para 1 of the Societas Europaea Regulation (SE-VO) in conjunction with Sec 192 Para 3 (2), Para 4 of the Austrian Stock Corporation Act (AktG) through the withdrawal of 7,400,000 own treasury shares with a proportionate amount of the share capital of € 7,400,000.00.

The meeting also approved an amendment of the Articles of Association in Sec 4 Para 1 for the purpose of withdrawing all of STRABAG SE's own shares. The capital reduction became effective with registration resolution at the Regional Court of Klagenfurt on 16 July 2021. As of 31 December 2021, STRABAG SE therefore no longer holds any own treasury shares.

1 The non-recourse liabilities that were considered are related to three major projects. Non-recourse liabilities from other PPP projects had, based on their amount, only an immaterial impact and are therefore not subtracted in the calculation of net debt.

Capital expenditures

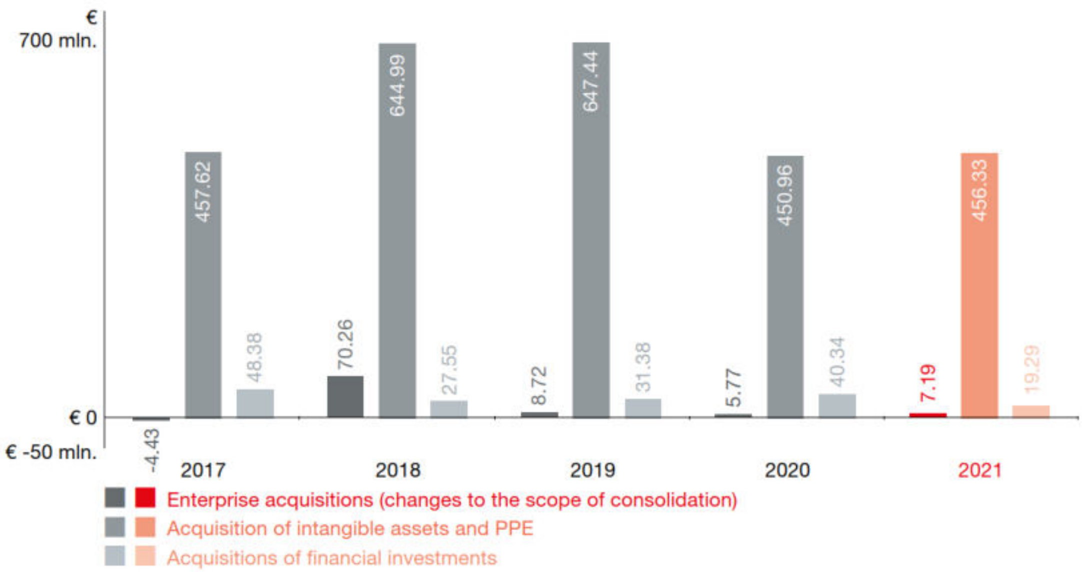
STRABAG had forecast net investments (cash flow from investing activities) of up to € 450 million for the 2021 financial year. In the end, they amounted to € 377.56 million.

The gross investments (CAPEX) before sub-traction of proceeds from asset disposals stood at € 482.81 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** – not including the non-cash additions to right-of-use assets – of € 456.33 million, the **purchase of financial assets** in the amount of € 19.29 million and € 7.19 million from changes to the scope of consolidation.

Particularly significant investments include the maintenance expenditures at our permanent es-tablishments in the booming core markets of Ger-many and Austria – for example, in the corporate training centre in Ybbs – and the additional invest-ments in the building materials business in various countries. In addition, a substantial investment was made in a tunnel boring machine as part of a major project in Toronto, Canada.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against the depreciation and amorti-sation expense in the amount of € 549.61 million. At € 5.67 million, goodwill impairment was higher than in the previous year.

COMPOSITION OF CAPEX



Financing/treasury

KEY FIGURES TREASURY

	2017	2018	2019	2020	2021
Interest and other income (€ mln.)	46.90	38.62	30.97	27.89	26.96
Interest and other expense (€ mln.)	-74.05	-66.05	-56.32	-48.49	-39.53
EBIT/net interest income (x)	-16.5	-20.4	-23.8	-30.6	-71.3
Net debt/EBITDA (x)	-1.6	-1.3	-1.0	-1.5	-1.3

The number one objective for the treasury management of STRABAG SE is assuring the continued existence of the company through the maintenance of constant solvency. This objective is to be reached through the provision of sufficient short-term, medium-term and long-term liquidity. Liquidity for STRABAG SE means not only solvency in the strict sense but also the availability of guarantees. The activity of building requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined by sufficient cash and cash credit lines, on the one hand, and by sufficient surety credit lines, on the other.

The management of liquidity risks has become a central element of the corporate management at STRABAG. In practice, liquidity risks come in various forms:

- In the short term, all daily payment obligations must be covered in time and/or in their entirety.
- In the medium term, liquidity levels must be sufficient so that no transactions or projects become impossible due to a lack of sufficient financial means or guarantees or that they cannot be executed at the desired pace.
- In the long term, there should be sufficient financial means available to be able to pursue the strategic development targets.

In the past, STRABAG has always oriented its financing decisions according to the risk aspects outlined above and has organised the maturity structure of the financial liabilities in such a way as to avoid a refinancing risk. In this way, the company has been able to maintain a great scope for action, which is of particular importance in a difficult market environment. The respective liquidity needed is determined by targeted liquidity planning. Based on this, liquidity assurance measures are made and a liquidity reserve is defined for the entire group.

The medium- and long-term liquidity needs are also covered by the **issue of corporate bonds**. STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian capital market since 2002. In the 2015 financial year, the company successfully placed a € 200 million tranche with a coupon of 1.625 % and a term to maturity of seven years. This bond was still on the market at the end of the year 2021.

The existing liquidity of € 3.0 billion assures the coverage of the group's liquidity needs. STRABAG SE has a total credit line for cash and surety loans in the amount of € 8.2 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until 2026. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2015, Standard & Poor's (S&P) raised STRABAG SE's investment grade rating by one level from BBB-, outlook stable, to BBB, outlook stable. This rating was again confirmed in December 2021. S&P sees STRABAG SE's strengths and opportunities above all in the stable margins in an otherwise quite cyclical market environment, the strategic access to construction materials, the strong market positions and the high reputation in the credit markets.

PAYMENT OBLIGATION

€ mln.	**Book value 31.12.2021**	**Book value 31.12.2020**
Bonds	200.00	200.00
Bank borrowings	687.76	651.74
Lease liabilities	305.85	304.27
Total	**1,193.61**	**1,156.01**

MANAGEMENT REPORT

Report on the financial performance, financial position and cash flows of STRABAG SE (Individual Financial Statement)

FINANCIAL PERFORMANCE

The company's revenue increased by € 2.37 million compared with the previous year, from € 68.22 million to € 70.59 million. This development is attributable to an increase in intra-group allocations.

	2021	**2020**
Revenue in T€ (sales)	70,589	68,219
Earnings before interest and taxes in T€ (EBIT)	576,745	254,764
Return on sales in % (ROS)1	>100.0	>100.0
Return on equity in % (ROE)2	19.0	8.7
Return on investment in % (ROI)3	17.2	7.4

The earnings before interest and taxes (EBIT) increased significantly by € 321.99 million compared to the previous year, growing from € 254.76 million to € 576.75 million, driven by a strong increase in investment income.

The operating earnings for the 2021 financial year amount to € 16.92 million, up slightly by € 0.48 million on the previous year's level (€ 16.44 million). As in the previous year, this figure was not affected by any extraordinary expenses or income.

The considerable increase in the financial earnings, which grew by € 317.42 million from € 246.74 million to € 564.16 million, was achieved through significantly higher profit and loss transfers from subsidiaries. Another positive impact on earnings resulted from the lower expenses for financial assets compared to the previous year. In the previous year, write-downs of investments had had a negative impact on earnings.

Net interest income showed a positive interest balance of € 4.33 million (2020: € 8.41 million). This figure is calculated from the interest income for financing provided to subsidiaries and from the financing costs for interest-bearing borrowings.

Overall, the company therefore generated a net profit of € 578.33 million for the 2021 financial year (2020: € 269.39 million).

The improved earnings are also positively reflected in the profitability indicators.

FINANCIAL POSITION AND CASH FLOWS

The total assets of STRABAG SE decreased slightly to € 3.3 billion in 2021 compared with the previous year (€ 3.4 billion). A significant change was recorded in only one balance sheet item.

The decrease in receivables from subsidiaries relates to receivables from cash clearing and is mainly due to the higher dividend payment for the 2020 financial year.

1 ROS = EBIT / revenue
2 ROE = EBT / avg. equity
3 ROI = EBIT / avg. total capital

	2021	2020
Net debt/cash in T€[1]	267,736	-129,129
Working capital in T€[2]	307,411	27,525
Equity ratio in %	90.4	91.5
Gearing ratio in %[3]	9.0	n.a.

The net debt as at 31 December 2021 amounts to € 267.74 million and results from the increase in interest-bearing borrowings and the decrease in cash and cash equivalents due to the dividend payment mentioned above.

The working capital increased significantly by € 279.88 million in the 2021 reporting year, up from € 27.53 million in 2020 to € 307.41 million. This growth was based on an increase of receivables from profit and loss transfers.

Due to the decrease in equity, the equity ratio of 90.4 % was down slightly versus the previous year (91.5 %), although it continues to be at a very high level.

T€	2021	2020
Cash flow from operating activities	308,476	422,553
Cash flow from investing activities	2,599	-39,600
Cash flow from financing activities	-682,253	-299,769

The cash flow from operating activities of € 308.48 million was largely attributable to the cash flow from earnings. The increase of the working capital had a negative impact.

The cash flow from investing activities saw a total inflow of € 5.07 million in cash and cash equivalents in the reporting year, of which € 3.73 million resulted from the reduction of financing receivables and € 1.34 million from the disposal of financial assets. This was offset by cash used for additions to financial assets amounting to € 2.47 million. In total, a positive cash flow from investing activities of € 2.60 million remains.

The build-up of receivables from cash clearing resulted in a cash inflow of € 72.34 million in the cash flow from financing activities. After payment of the dividend for the 2020 financial year in the amount of € 707.94 million and the reduction of the group financing in the amount of € 46.65 million, the result was a total cash outflow of € 682.25 million in the cash flow from financing activities in 2021.

[1] Net debt = interest-bearing liabilities + non-current provisions - cash and cash equivalents
[2] Working capital = current assets - cash and cash equivalents - current non-interest-bearing liabilities
[3] Gearing ratio = net debt / equity

Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE was divided into four segments in 2021, of which there are three operating segments, North + West, South + East and International + Special Divisions, and the segment Other, which encompasses the group's central divisions and central staff divisions. In 2021, the segments were comprised as follows1:

NORTH + WEST
Management Board responsibility: Alfred Watzl
Germany, Poland, Benelux, Scandinavia, Ground Engineering

SOUTH + EAST
M. B. responsibility: Peter Krammer Austria, Czech Republic, Slovakia, Hungary, South-East Europe, Switzerland, Environmental Technology

M. B. responsibility: Klemens Haselsteiner
Russia

INTERNATIONAL + SPECIAL DIVISIONS
M. B. responsibility: Siegfried Wanker
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
M. B. responsibility: Thomas Birtel, Christian Harder and Klemens Haselsteiner
Central Divisions, Central Staff Divisions

Construction projects are assigned to one of the segments (see chart below). Of course, projects may also be assigned to more than one segment. This is the case, for example, with PPP projects in which the construction part is assigned to its respective geographic segment, but the concession part is assigned to the concessions unit of International + Special Divisions. In projects which span more than one segment, the commercial and technical responsibility is generally assigned to that segment which has the higher share of the overall project value.

Geographic segments may be desirable, but they are not always possible. Particularly the specialty fields – e.g. tunnelling – are in demand all around the world. As it is therefore not possible to assign these to a certain country, such business fields are listed under the segment International + Special Divisions. At the same time, the two segments North + West and South + East may contain international business fields such as sports facilities. These are usually organised from a country assigned to one of the respective geographic segments.

With only a few exceptions, STRABAG offers its services in all areas of the construction industry in the individual European markets in which it operates and covers the entire construction value chain. These services include:

	North + West	South + East	International + Special Divisions
Residential Construction	✓	✓	✓
Commercial and Industrial Facilities	✓	✓	✓
Public Buildings	✓	✓	✓
Engineering Ground Works	✓	✓	✓
Bridge Construction	✓	✓	✓
Power Plants	✓	✓	✓
Roads, Earthworks	✓	✓	✓
Protective Structures	✓	✓	✓
Sewerage Systems	✓	✓	✓
Production of Construction Materials	✓	✓	✓
Railway Construction	✓	✓	
Waterway Construction, Embankments	✓	✓	
Landscape Architecture and Development, Paving, Large-Area Works	✓	✓	
Sports and Recreation Facilities	✓	✓	
Ground Engineering	✓	✓	
Environmental Technology		✓	
Production of Prefabricated Elements		✓	
Tunnelling			✓
Real Estate Development			✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects			✓
Property and Facility Services			✓

[1] Services may be performed in more than one segment. The activities and countries below have been assigned to those segments in which the most significant portion of the services was provided. Details are available in the table.

SEGMENT NORTH + WEST: CRISIS-PROOF THANKS TO STABLE CORE MARKETS

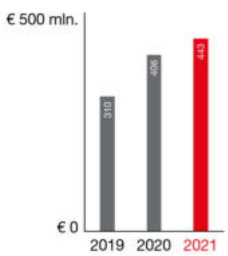
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment.

€ mln.	2021	2020	▲ 2020-2021 %	▲ 2020-2021 absolute
Output volume	7,902.46	7,862.65	1	40
Revenue	7,317.95	7,461.87	-2	-144
Order backlog	11,628.13	9,158.18	27	2,470
EBIT	443.03	406.43	9	37
EBIT margin (% of revenue)	6.1	5.4		
Employees (FTE)	25,430	25,801	-1	-371

OUTPUT VOLUME NORTH + WEST

€ mln.	2021	2020	▲ 2020-2021 %	▲ 2020-2021 absolute
Germany	6,360	6,227	2	133
Poland	1,036	1,098	-6	-62
Benelux	218	247	-12	-29
Sweden	101	135	-25	-34
Denmark	90	71	27	19
United Kingdom	26	3	767	23
Austria	24	20	20	4
Romania	21	19	11	2
Rest of Europe	15	18	-17	-3
Hungary	9	0	n. a.	9
Switzerland	1	22	-95	-21
Middle East	1	0	n. a.	1
Americas	0	2	-100	-2
Africa	0	1	-100	-1
Total	**7,902**	**7,863**	**1**	**39**

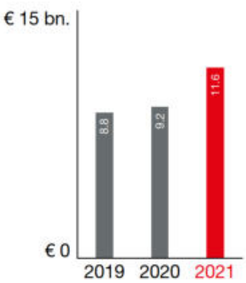
EBIT



Significant earnings increase

The North + West segment recorded a stable output volume of € 7,902.46 million (+1 %) in 2021. This is attributable in particular to the home market of Germany and, to a lesser extent, to the market in Denmark. By contrast, construction output in other markets such as Poland, Benelux and Sweden showed a slight decline. Revenue declined slightly by 2 % to € 7,317.95 million. The earnings before interest and taxes (EBIT) rose by 9 % to € 443.03 million. While the transportation infrastructures business in Germany consistently makes positive contributions to earnings, improvements could be achieved in the German building construction and civil engineering business as well as in Poland. The EBIT margin thus exceeded even the extraordinarily high level of the previous year, coming in at 6.1 %.

ORDER BACKLOG



Order backlog again with strong growth

The order backlog increased by 27 % to € 11,628.13 million as at 31 December 2021, mainly due to the development in Germany. The new orders registered in German building construction in the year as a whole covered a wide range from apartment buildings for developers to industrial buildings to new orders from public-sector clients. Acquisitions include the new administrative centre in Dresden as well as contracts for the construction of the US largest hospital outside the United States and of the 205-metre office tower for Landesbank Hessen-Thüringen (Helaba). Growth of the order backlog was also recorded in Poland where STRABAG was commissioned to design and build a new section of the A2 motorway and the S12 bypass road for the city of Chełm east of Lublin.

Slight decrease in number of employees

The number of employees declined by 1 % to 25,430 in the entire segment. This decrease is mainly due to developments in the Benelux countries, Poland and Denmark.

Outlook[1]: Germany remains stable core market

The high order backlog suggests a slightly higher output volume for the North + West segment in the 2022 financial year. As a result of the Covid-19 pandemic, some business segments in the **German building construction** sector, such as hotels, remain behind the trend; overall, however, demand for construction services is up again, enabling us to start the new year with an even larger order backlog than at the same time last year despite the price increases in the construction sector.

The **transportation infrastructures** sector in **Germany** is still reporting restrained tendering activity on the part of the public sector. This reduced activity on the markets, which are characterised by an extremely high capacity utilisation, provides an opportunity to work off the high order backlog and to be selective in bidding for projects.

The markets in the **Benelux** countries and in **Scandinavia** are experiencing intense cut-throat competition. Activities here are primarily concentrated on small and medium-sized construction projects. The focus is on stabilisation and consolidation as well as working off large projects.

In **Poland**, the focus is on managing the enormous price increases for raw materials and building materials. Following double-digit growth rates in the first six months, prices for steel, fuels, asphalt and plastics settled at a high level towards the end of the year. Public infrastructure programmes have kept demand in transportation infrastructures high for several years, and the building construction business has also seen a positive trend in output and earnings. Meanwhile, forecasts indicate a continued decline in investments in shopping centres and office building developments on the one hand, with an upturn in production facilities, residential construction, public sector construction, for example schools and hospitals, and in the energy sector, on the other hand. The high inflation rates, which had already become apparent at the end of the year, could weaken the willingness to make further investments, especially in the private sector.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	as % of total group order backlog
Germany	US hospital, Weilerbach	645	2.9
Germany	PPP A49 motorway	314	1.4
Germany	Stuttgart 21, underground railway station	238	1.1
Germany	East Side Tower	212	0.9
Germany	A1 motorway Lohne—Bramsche	207	0.9

[1] The impacts from Russia's war against Ukraine are not included in this outlook.

SEGMENT SOUTH + EAST: EXPECTS RETURN TO PRE-CRISIS LEVEL

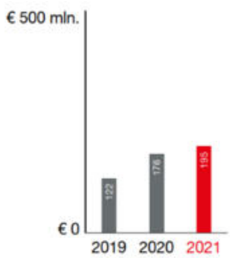
The geographic focus of the South + East segment is on Austria, the Czech Republic, Slovakia, Hungary, South-East Europe, Russia and Switzerland. The environmental technology activities are also handled within this segment.

€ mln.	2021	2020	▲ 2020-2021 %	▲ 2020 -2021 absolute
Output volume	4,930.38	4,632.60	6	298
Revenue	4,924.60	4,602.83	7	322
Order backlog	5,596.97	4,441.14	26	1,156
EBIT	194.93	176.35	11	19
EBIT margin (% of revenue)	4.0	3.8		
Employees (FTE)	20,685	20,512	1	173

OUTPUT VOLUME SOUTH + EAST

€ mln.	2021	2020	▲ 2020-2021 %	▲ 2020-2021 absolut
Austria	2,206	1,989	11	217
Czech Republic	782	687	14	95
Hungary	503	533	-6	-30
Slovakia	243	254	-4	-11
Romania	202	194	4	8
Switzerland	186	189	-2	-3
Croatia	162	160	1	2
Germany	152	164	-7	-12
Serbia	150	156	-4	-6
Rest of Europe	110	136	-19	-26
Slovenia	94	47	100	47
Bulgaria	68	58	17	10
Russia	43	50	-14	-7
Asia	8	2	300	6
Africa	7	1	600	6
Italy	6	5	20	1
Middle East	4	6	-33	-2
Poland	3	0	n. a.	3
Benelux	1	2	-50	-1
Total	**4,930**	**4,633**	**6**	**297**

EBIT

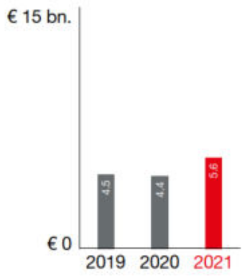


Output up due to relaxation of Covid-19 restrictions

The output volume in the South + East segment in the home market of Austria grew by 6 % to € 4,930.38 million in the 2021 financial year, primarily due to the end of the temporary Covid-19-related suspension of construction work. Business in the Central and Eastern European countries, on the other hand, was mixed. Especially noteworthy is the decline in Hungary, resulting from the after-effects of the Covid-19 pandemic and the winding-up of several projects in the previous year. In contrast, an increase was recorded in the Czech Republic and Slovenia.

The segment also showed a 7 % higher revenue of € 4,924.60 million. The EBIT increased by 11 % to € 194.93 million due to improvements in almost all countries in this segment. This results in an EBIT margin of 4.0 %.

ORDER BACKLOG



Order backlog: Significant growth in Austria and Hungary

At € 5,596.97 million, the order backlog as at 31 December 2021 was 26 % higher than on the previous year's reporting date. This is due especially to the record level in Austria: Large orders in building construction and civil engineering, especially in residential construction, as well as stable, albeit regionally heterogeneous new orders in transport infrastructures, played a decisive role in this development. Hungary caught up significantly as well. New orders here included a contract awarded to a consortium involving STRABAG for the construction of a 20 km section of the M6 motorway between Bóly and Ivándárda and the expansion of the railway section of the TEN-T network. The other markets of Southern and Eastern Europe showed very divergent trends.

Slight increase in the number of employees

Der The number of employees increased slightly by 1 % to 20,685. In line with the output volume, staff numbers were reinforced in Austria and the Czech Republic, while very different trends were registered in the markets of Central and Eastern Europe: The number of employees increased significantly in Croatia and Bulgaria, but declined in Serbia, Russia, Romania and Slovakia.

Outlook[1]: Home market of Austria back at pre-crisis levels

The trend in the output volume shown in 2021 is expected to continue in 2022. After the Covid-19-related restrictions, a higher output volume is expected in **Austria**, with levels comparable to the record year of 2019. Uncertainties exist due to the strong increase in raw material prices, e.g. for wood, construction steel and insulation materials, and because of the associated price volatilities. From today's perspective, however, no supply bottle-necks are expected that could cause delays in project execution.

The construction sector in **Hungary** was unable to fully recover in 2021. Significant, higher-than- expected price increases for raw materials, building materials and labour costs had to be accepted here as well. Due to the general economic recovery, higher output is expected in 2022 in transport infrastructures as well as in building construction and civil engineering.

In road and railway construction in the **Czech Republic**, projects are being continuously put out to tender, allowing the market to slowly move towards a realistic price level. The group sees itself in a very good position in the building construction sector here as well, despite the fact that the bidding processes are becoming increasingly protracted.

The development in **Slovakia** is cause for concern. The few projects in public transportation infrastructures tend to be small, highly competitive and, accordingly, priced too low. STRABAG is therefore primarily interested in cooperating with private investors, for example in the construction of production and logistics halls. But here, too, the lack of materials is a burden that could lead to delays in the completion of construction projects. As a result, there is a trend among private clients to move the start of projects back in time.

The markets of **South-East Europe**, like almost all of the group's core markets, are also struggling with massive price increases and a shortage of skilled labour. With the exception of the Croatian market, the building construction entities are suffering from high competitive pressure and declining order backlogs. In the infrastructure sector, meanwhile, demand continues unabated. At the same time, this business segment is exposed to pressure from international, especially Chinese, competition, which is why the focus in Serbia, Montenegro and North Macedonia, for example, is on the road maintenance business.

In **Switzerland**, strategic and organisational changes were made some time ago. The group is positioning itself as a quality provider in the country, for example through its BIM expertise and greater consideration of sustainability aspects as well as its own building materials testing laboratory.

In **Russia**, STRABAG had specialised in residential and industrial construction. The output volume had been declining steadily in recent years, however, accounting for only 0.3 % of the group output in 2021. In response to Russia's attack on Ukraine, the Management Board in March 2022 decided to wind down its Russian business.

[1] The impacts from Russia's war against Ukraine are not included in this outlook.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Hungary	Railway line Békéscsaba–Lőkösháza	228	1.0
Austria	Grunblick (Viertel 2) residential project	108	0.5
Romania	Connecting road Oradea with A3	103	0.5
Hungary	M6 section Bóly–Ivánvárda	92	0.4
Slovakia	Modernisation of Žilina railway junction	77	0.3

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: IMPROVEMENTS IN ALL MAJOR BUSINESS AREAS

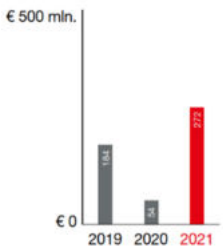
The International + Special Divisions segment includes the field of tunnelling as well as the concessions business, which, especially in transportation infrastructures, operates worldwide. In the markets of the United Kingdom and Chile, STRABAG offers tunnelling as well as a variety of country-specific services. Regardless of the location, all construction materials activities – with the segment, with a dense network of production plants. The real estate business, which stretches from project development and planning to construction and operation and also includes the property and facility services business, completes the wide range of services in this segment. Additionally, most of the other services in non-European markets are also bundled in this segment.

€ mln.	2021	2020	▲ 2020-2021 %	▲ 2020-2021 absolute
Output volume	3,161.46	2,811.86	12	349
Revenue	3,039.14	2,670.21	14	369
Order backlog	5,268.22	4,763.26	11	505
EBIT	272.08	54.04	403	218
EBIT margin (% of	9.0	2.0		
Employees (FTE)	20,610	21,339	-3	-729

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2021	2020	▲ 2020-2021 %	▲ 2020-2021 absolute
Germany	906	885	2	21
Americas	479	470	2	9
Austria	435	426	2	9
United Kingdom	364	222	64	142
Middle East	198	113	75	85
Czech Republic	159	132	20	27
Asia	137	115	19	22
Hungary	120	126	-5	-6
Poland	107	79	35	28
Italy	52	47	11	5
Slovakia	42	41	2	1
Romania	40	36	11	4
Africa	28	44	-36	-16
Sweden	18	24	-25	-6
Denmark	18	4	350	14
Benelux	13	12	8	1
Croatia	13	11	18	2
Slovenia	10	9	11	1
Rest of Europe	9	6	50	3
Bulgaria	6	6	0	0
Serbia	3	1	200	2
Switzerland	2	2	0	0
Russia	2	1	100	1
Total	**3,161**	**2,812**	**12**	**349**

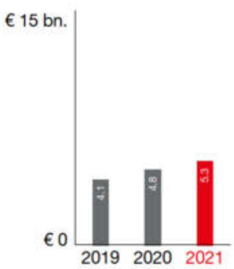
EBIT



Extraordinary increase in EBIT

In 2021, the International + Special Divisions segment generated an output volume of € 3,161.46 million, 12 % higher than in the previous year, despite the more difficult conditions caused by the Covid-19 pandemic. The increased output is mainly due to the continuous execution of large orders in the international business – above all in Chile, the United Kingdom and the Middle East. The revenue grew at a slightly higher rate than the output, gaining 14 % to € 3,039.14 million. The negative impact of the Covid-19 pandemic, especially in the international business, decreased, while diversification of the facility management portfolio made further positive contribution to the earnings. The real estate development business continues to be very successful as well. Extraordinarily strong growth of the EBIT to € 272.08 million was recorded in the reporting year. As a result, the EBIT margin increased from 2.0 % in the previous year to 9.0 % in 2021.

ORDER BACKLOG



Austria and Americas driving order backlog

The order backlog increased by 11 % to € 5,268.22 million compared to the same period of the previous year. Growth was recorded in Austria and in the Americas – attributable, for example, to the new orders for the extension of the Vienna U2 metro line and Line 2 in Toronto, Canada. The United Kingdom and Germany also contributed to this development.

Staff reduced for project in Chile and increased in the UK

In view of the relative size of the individual projects in the International + Special Divisions segment, the number of employees in the different countries varies greatly. Overall, employee levels fell by 3 % to 20,610. This decrease is particularly related to the foreseeable completion of the tunnelling works for the Alto Maipo hydropower megaproject in Chile. In the United Kingdom, on the other hand, staff numbers were increased due to the realisation of the HS2 high-speed rail line and the Woodsmith Project.

Outlook[1]: Impacts from Covid-19 under control

The output volume for the full year 2022 is expected to be higher than in the previous year. This development is being driven by nearly all entities, first and foremost by the internationally active **tunnelling** business. So far it has been possible to keep the adverse effects of the Covid-19 pandemic in 2021 as well as the cost increases for construction materials in check through contractual agreements.

Several megaprojects are currently being carried out in the **international business**, for example in Chile and the UK. In general, the Covid-19-related investment backlog in infrastructure projects is beginning to clear, as the public sector is funding many such projects in order to stimulate the economy. At the same time, the recovery of the oil price is also supporting a renewed demand for construction services in the Middle East. In Canada, too, demand for infrastructure remains high. Despite strong international competition, the Canadian market is being observed with interest.

The future is also looking bright for **property and facility services**, where ongoing digitalisation and efficiency measures are having a significant impact and Covid-19 lockdowns no longer led to output declines in 2021. For the reasons mentioned, the company also expects to see sustainable growth and earnings improvement in all of the division's business areas in 2022. As a result of the legally compliant low-carbon operation of increasingly complex buildings and increasing sustainability demands, the property and facility services division is increasingly shifting towards integrated, digital and sustainable services.

From today's perspective, the impact of the Covid-19 pandemic on **infrastructure development** also appears to be manageable. The construction delays here have remained within acceptable limits and the business field can be described as stable overall.

The **real estate development** business in particular is benefitting from unbroken high demand in the residential segment. For ongoing project developments, it has been possible to achieve attractive sales prices, while the commercial segment has recorded additional leases of office properties as well as sales of commercial properties in the portfolio. The outlook for 2022 as a whole is therefore quite friendly here as well – even if the continuing price increases for properties, materials and subcontractor services requires careful management. Similarly, rising inflation with possible implications for the interest rate level requires timely reactions. Simultaneously with these issues concerning the day-to-day business, work is underway on strategic innovation, sustainability and digitalisation projects, for example in the areas of mobility, generative design, low-tech buildings and CO2 optimisation.

The **construction materials business** also showed a satisfactory trend overall. The sales volume of aggregates in 2021 was around 7 % higher than the previous year. In the concrete business, this figure was slightly lower due to the completion of several large-scale projects. Among the cement holdings, however, significantly higher CO2 and energy costs have had a negative impact on the additional income from the increased sales. The country-by-country statistics show a very consistent picture overall, especially in the main markets of Central and Eastern Europe. Mean- while, an upward trend is evident in the countries of Southern Europe and the Balkans. The dense network of building materials operations, including materials-based services, remains an important basis for self-supply within the group and thus for greater competitiveness.

[1] The impacts from Russia's war against Ukraine are not included in this outlook.

SELECTED PROJECTS INTERNATIONAL + SEPCIAL DIVISION

Country	Project	Order backlog in € mln.	as % of total group order backlog
United Kingdom	HS2 high-speed rail line	1,348	6.0
United Kingdom	Woodsmith Project	799	3.6
Canada	Scarborough Subway Extension Line 2	457	2.0
Chile	El Teniente main access tunnel	118	0.5
Austria	U2 underground line, sections 17–21	70	0.3

SEGMENT OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal central divisions and central staff divisions.

€ mln.	2021	2020	▲ 2020-2021%	▲ 2020 -2021 absolute
Output volume	134.62	139.50	-3	-5
Revenue	16.85	14.83	14	2
Order backlog	7.53	6.44	17	1
EBIT	0.69	0.90	-23	0
EBIT margin (% of revenue)	4.1	6.1		
Employees (FTE)	6,881	6,688	3	193

Risk management

The STRABAG Group encounters many different risks and opportunities in the course of its business activities. These risks are systematically identified and assessed using a proactive risk management system and managed in a consistent and goal-oriented manner through an appropriate risk management policy. This risk management policy is an integral part of the management system and describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

Risk management is a core task of the management. Risk identification and risk assessment are the responsibility of the respective management level. Our risk management process involves our integrated quality management system, supporting central divisions and central staff divisions with technical, legal and administrative service and consulting activities and the internal audit department as a neutral and independent auditing entity.

Responsibility for the implementation of the project risk management systems in the divisions has been assigned to the commercial division managers. The central division Project Risk Management System/Organisational Development/International BRVZ Coordination handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

All STRABAG leadership employees, within the scope of their duties and responsibilities, and in accordance with the Rules of Procedure and relevant company regulations, are obliged to

- work with the employees to set risk identification measures,

- monitor the risks,
- introduce countermeasures, and
- pass on relevant information about risks to other units or levels within the company. This requirement especially applies to all employees of the STRABAG Group.

The STRABAG SE Management Board prohibits engaging in business transactions whose realisation could endanger the company's existence.

RISK MANAGEMENT USING DEFINED RISK GROUPS

The group's internal risk reporting defines the following central risk groups:

- External risks
- Operating and technical risks
- Financial risks
- Ethical risks
- Human resource risks
- IT risks
- Investment risks
- Legal risks
- Political risks

Additional risks exist with regard to work safety, environmental protection, quality, business continuity and supply chain.

Following ISO 31000 and the Committee of Sponsoring Organisations of the Treadway Commission (COSO), our risk management system forms part of our integrated management system. We deal with the risks identified by us as follows:

EXTERNAL RISKS COUNTERED THROUGH DIVERSIFICATION

The entire construction industry is subject to **cyclical fluctuations** and reacts to varying degrees depending on region and sector. Overall economic growth, development of the construction markets, the competitive situation, the conditions on the capital markets and technological changes in construction can all result in risks. These risks are continually observed and monitored by the central departments and operating units. Changes in external risks lead to adjustments in STRABAG's organisation, its market presence and its range of services and to the adaptation of its strategic and operational planning. STRABAG further counters market risk through geographic and product-related diversification in order to minimise the influence of an individual market or the demand for certain services on the success of the company.

OPERATING AND TECHNICAL RISKS REDUCED THROUGH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks associated with project selection and execution along with the technical risks that need to be assessed for each project, such as subsoil, geology, construction methods, technology, building materials, equipment, design, work planning, etc. An integral part of the project risk management system are minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards). These comprise clearly defined criteria for the evaluation of new projects, a standardised process for the preparation and submission of bids, and integrated internal control systems serving as a filter to avoid loss-making projects. Business transactions requiring approval are reviewed and approved in accordance with the internal rules of procedure.

Depending on the risk profile, bids must be analysed by **internal commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the central divisions BMTI, TPA, ZT and SID for assistance in assessing the technical risks and working out innovative solutions to technical problems. Project execution, monitored by

monthly target/performance comparisons, is managed by the construction or project team on-site using documented procedures. At the same time, our central controlling department provides constant back-office support for the project, ensuring that risks of individual projects do not jeopardise the continued existence of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND RECEIVABLES MANAGEMENT

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the **liquidity and receivables management**, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is ensured by the central accounting and controlling departments, which are also responsible for internal reporting and the periodic planning process. Risks from possible instances of manipulation (acceptance of advantages, fraud, deception or other infringements of the law) are monitored by the central divisions in general and the **internal audit department** in particular.

STRABAG is subject to interest, currency, credit and liquidity risks with regard to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financial activities. The basic principles of the financial policy are determined by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the ongoing risk management are the domain of the group treasury. Detailed information can be found in the Notes under item 34 Financial Instruments.

ETHICAL RISKS COUNTERED WITH AN ETHICS AND BUSINESS COMPLIANCE SYSTEM

Given the risk of corruption and anti-competitive behaviour in the construction industry, STRABAG has implemented a set of tools that have proven effective in combatting these problems. The rules for proper business behaviour are conveyed by the STRABAG ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the Business Compliance Management System (BCMS) along with supplementary management directives, the Code of Conduct and the personnel structure defined for enforcement, consisting of the Chief Compliance Officer, the Corporate Business Compliance Officers and the Regional Business Compliance Officers as well as the internal ombudspersons and the external ombudsman. Details on the ethical risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a of the Austrian Commercial Code (UGB).

HUMAN RESOURCE RISKS: COUNTERMEASURES WITH CENTRAL HUMAN RESOURCE MANAGEMENT AND NEEDS-ORIENTED HUMAN RESOURCE DEVELOPMENT

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration** and **long-term, needs-oriented human resource development**. Human resource risks are to be reduced to a large extent through targeted recruiting of qualified specialists and leaders, extensive training activities, performance-based remuneration under compliance with labour law, and early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve employment conditions and raise employee satisfaction further contribute to the company's attractiveness and prestige. Details on the human resource risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

IT RISKS: IT USAGE GUIDELINES AND CONTINUOUS REVIEW OF SECURITY CONCEPTS TO COUNTER CYBERCRIME

With the increasing threat of IT risks, different measures are being implemented in the form of multistep security and anti-virus concepts, user access rights, password-controlled access, expedient data backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, avail- ability, performance and compliance of the IT systems. Project ideas to improve and develop IT-related processes and control systems are evaluated and prepared through cooperation between the central divisions SID and BRVZ Information Technology.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

The shares in mixing companies typically involve **minority interests**, as is **usual in this sector**. With these companies, economies of scope are at the fore.

LEGAL RISKS AVOIDED THROUGH EXTENSIVE RISK ANALYSIS

The central division CML Construction Services supports the risk management of the operating entities in matters of construction management and construction operation in all project phases (**Contract Management**) and provides, organises and coordinates legal advice (**Legal Services**) in this regard. Its most important tasks include comprehensive reviews and consultation in project acquisition – e.g. analysis and clarification of tender conditions, performance specifications, pre-contract agreements, tender documents, draft contracts and framework conditions – as well as support in project management.

POLITICAL RISKS: INTERRUPTIONS AND EXPROPRIATIONS CONCEIVABLE

The group also operates in countries experiencing political instability. Interruptions of construction activity, restrictions on ownership by foreign investors, and even expropriations are among the possible consequences of political changes which could have an impact on the group's financial structure. These risks are analysed during the tendering phase and assessed by **internal commissions**.

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG has implemented a work safety and health management system in accordance with ISO 45001 and/or SCC. Moreover, the company works to maintain this system and ensures a suitable emergency organisation. Specially appointed officers and representatives ensure that the group-wide work safety standards are followed. In 2020, the country-specific safety and hygiene regulations in connection with Covid-19 had to be implemented in particular. The infection figures could be kept at a very low level in most of the Group countries due to the strict implementation. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers. Details on the risks related to employee safety and health are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG is committed to reducing the negative environmental impact of its activities as far as this is technically possible and economically feasible. The company has implemented and is maintaining an environmental and energy management system based on **ISO 14001** or **EMAS**, **ISO 50001** or equivalent and – wherever possible – seeks to minimise the use of natural resources, avoid waste and promote recycling. Details on the environmental risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB. Risks from the effects of climate change are presented in the Notes.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT

In accordance with its vision and values, it is the company's aim to realise cons**truction projects on schedule, to the highest quality and at the best price**. This quality of the company's processes, services and products must therefore be ensured at all times. To achieve this goal, quality management forms an integral component of an integrated management system. This system is documented in the Management Manual, in group directives and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, subcontractors and suppliers, human resources, the IT system or office buildings and accommodation must not be allowed to jeopardise the continued existence of the company. For this reason, precautions are taken under a business continuity management system to ensure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the consistent involvement of the group's own specialised central divisions, which can, for example, procure equipment, accommodation, IT systems or staff on short notice, build up long-term strategic partnerships with selected subcontractors and suppliers, and arrange for the audit of emergency scenarios in IT.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and efficiency, STRABAG not only taps its own skills and resources to work off its orders, but also relies on the support of proven subcontractors and suppliers. The company focuses on long-term partnerships, a clear, transparent and complete description of the services and products to be procured, and an agreement on acceptance criteria for the products and services. STRABAG also systematically evaluates subcontractors, service providers and suppliers as part of its decision-making foundation for future orders.

A review of the current risk situation reveals that there were no risks which jeopardised the company's existence, nor were there any visible future risks.

REPORT ON KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Introduction

The control structure as defined by COSO (Committee of Sponsoring Organisations of the Treadway Commission) provides the basis for describing the key features of the internal control and risk management systems with regard to the financial reporting process in the management report. The COSO framework consists of five interrelated components: control environment, risk assessment, information and communication, control activities and monitoring activities. On this basis, the STRABAG Group has set up a company-wide risk management system in accordance with generally accepted principles. The aim of the internal control system is to support the management in such a way that it is able to ensure internal controls with regard to financial reporting which are effective and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

Internal audit report in the Consolidated Corporate Governance ReportGovern-

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Management System (BCMS) in order to ensure moral standards, ethics and integrity within the company and in its dealings with others. The implementation of the internal control system with regard to the financial reporting process is based on internal rules and regulations. Responsibilities for internal control have been adapted to fit the corporate organisation. The internal audit department carries out periodic reviews – announced as well as unannounced – of all relevant business units as part of its responsibility for monitoring compliance with the law and corporate guidelines in the technical and commercial areas. The internal audit department also monitors the effectiveness of business compliance. During these reviews, the internal audit department analyses the legality and correctness of individual actions. The department also conducts regular, independent reviews of compliance with internal guidelines in the area of accounting. The head of the internal audit department reports directly to the CEO. The effectiveness of the work of the internal audit department is reviewed periodically by the financial auditor. The last review was carried out in the 2019 financial year.

Risk assessment

The management identifies and monitors risks relating to the financial reporting process, with a focus on those risks that are typically considered to be material.

The preparation of the financial statements requires regular forecasts, with the inherent risk that the actual future development will deviate from the expectation. This especially affects the following matters/items of the Consolidated Financial Statements: assessment of unfinished construction projects, recognition and measurement of provisions (including social capital), the outcome of legal disputes, the collectability of receivables as well as the recoverability of investments and goodwill. In individual cases, external experts are called in or publicly available sources are considered in order to minimise the risk of a false assessment.

Control activities

All control activities are applied in the ongoing business process to ensure that errors or deviations in financial reporting are avoided or detected and subsequently corrected. The control activities range from a review of the period results to the specific monitoring of accounts and cost centres to the analysis of ongoing accounting processes.

It is the responsibility of the Management Board to design the levels of hierarchy in such a way that an activity and the control of that activity are not performed by the same person (**four-eyes principle**). This separation of functions encompasses a separation between decision-making, implementation, review and reporting. The organizational units of the BRZV central division support the Management Board in this task.

Processes which are relevant to financial reporting are increasingly automated. **IT security** control activities therefore represent a cornerstone of the internal control system. The separation of sensitive activities, for example, is supported by a restrictive allocation of IT authorisations. For its accounting and financial reporting, the company mainly uses self-developed software which reflects the unique features of the construction sector. The effectiveness of the financial reporting system is further assured through automated IT controls included in the system.

Information and communication

The management regularly updates the rules and regulations for financial reporting and communicates them to all employees concerned. In addition, regular discussions regarding the financial reporting and the rules and regulations in this context take place in various committees. These **committees** are composed of the corporate **management** as well as the **department head and senior staff from the accounting department**. The committees' work aims, among other things, to ensure compliance with accounting rules and regulations and to identify and communicate weak points and potential areas for improvement in the financial reporting process. Accounting employees receive regular training with regard to innovations in national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The Management and Supervisory Boards bear responsibility for the ongoing company-wide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process. The top management receives monthly summarised financial reports on the development of the output volume and earnings of the respective segments and countries and of the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the Chief Financial Officer before being passed on to the Audit Committee of the Supervisory Board.

Research and development

As a technology partner for the construction of tomorrow, STRABAG recognises new trends at an early stage, finds innovative solutions and actively works on the development of promising new technologies. In this context, it uses the full knowledge, organisational and relationship potential of its employees.

The STRABAG Group does business in a rapidly changing environment. The growing crossover between industries confronts the company with ever more rapidly shifting challenges. Ecological demands and technological developments in information and communication technology go hand in hand with increased customer expectations. For this reason, the systematic innovation management established in 2014 was transferred into the STRABAG central division Innovation and Digitalisation (SID) in 2020. The new division functions as an innovation and digitalisation hub within the group.

The cooperation among the various divisions facilitates and promotes new developments across the individual business units. A special focus in 2021 was again on the continued digitalisation of processes in planning and in logistics. **Generative design**, a method for the algorithm-based optimisation of planning options, gives us the opportunity to investigate urban development, building and spatial concepts as well as building physics requirements by means of rapidly generated variants. Meanwhile, the **platform-based tracking of prefabricated parts**, such as stairs or façade elements, is being used in additional large construction projects. Countless time-consuming, error-prone paper-based entries during the construction process – related to work safety inspections, work status, concrete deliveries and reinforcement performance levels – are now being performed via app. The data are entered on mobile end devices suitable for construction sites, with logs and target/actual comparisons generated automatically and made available to the construction offices and back offices involved. This significantly reduces the time required for construction-related administrative tasks. In transportation infrastructures, the focus is on the road as a driver of innovation. Pilot projects have been carried out here to investigate the possibilities associated with self-driving cars or the use of pavement sensors to monitor road conditions.

Cooperation with international universities and research institutions, joint development activities with partner companies around the world, and internal research and development projects have also been a routine part of the group's daily activities for years. In overall charge of the planning and implementation of these projects within the STRABAG Group are the central divisions **Innova- tion & Digitalisation** (SID), **Zentrale Technik** (ZT), **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA) and **EFKON GmbH**, each of which report directly to a member of the Management Board.

With around 300 highly qualified employees at more than ten locations, **SID** takes the lead in initiating developments and providing expert support while maintaining a full overview of groupwide innovation activities and their measurable results. Because digitalisation must not be an end in itself, operating needs have priority and digital tools should be made available without delay. Work is also being done on the latest topics in the industry, such as robotics and automation to increase productivity.

TPA is the group's competence centre for asphalt, concrete, earthworks, geotechnics and environmental engineering, quality management and applied R&D projects for transportation infrastructures as well as building construction and civil engineering. Its main tasks include ensuring the quality of the construction materials, structures and services, the safety and improvement of the processes, as well as developing and reviewing standards for the handling and processing of construction materials. TPA employs around 1,000 people at 130 locations in 15 countries, making it one of the largest private laboratory companies in Europe.

TPA is a partner in the multi-year joint research project ROBOT Road Construction 4.0 on the use of autonomous machinery in road construction. The project received € 1.7 million in funding from the German Federal Highway Research Institute. Together with the Technical University of Cologne, the Technical University of Darmstadt, MOBA Mobile Automation AG and 3D Mapping Solutions GmbH, TPA is pursuing the overarching goals of improving occupational and road safety as well as reducing the strain on the workers in road construction. These goals were essentially realised through the automation of all work functions of an asphalt road paver. In the future, the paver will function in a connected manner, autonomously and exclusively under the control of the machine operator. In order to achieve the process reliability of the overarching goals, research activities are being continued together with European partner organisations in the EU-funded project InfraROB (2021–2025).

EFKON GmbH – a subsidiary of STRABAG – is active in intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement, a business field that requires intensive research, development and innovation activities. The focus last year was on the further development of complex toll collection and enforcement systems that blend unobtrusively into the cityscape (example: Norway, environmental zones) or can be used efficiently on motorways and expressways (example: national tolling system in Belgium). Here EFKON is increasingly using high-performance machine vision components, developed inhouse, that are capable of identifying and classifying vehicles across multiple lanes. Another focus was on the more extensive vehicle integration of toll communication equipment. Several renowned vehicle manufacturers in Asia use EFKON technology in their vehicles, integrating it directly during assembly in their manufacturing plants.

The STRABAG Group spent about € 17 million on research, development and innovation activities during the 2021 financial year (2020: about € 17 million). The majority of the **development activity** is triggered by **construction projects** in all our business areas. Here challenges or specific questions regularly arise that require a technologically new process or an innovative solution on-site. In many cases, support is offered by the aforementioned central divisions. Some issues require medium-term research and development projects, often with partner organisations.

Website Corporate Governance Report

The STRABAG SE Consolidated Corporate Governance Report is available online at www.strabag.com > Investor Relations > Corporate Governance > Corporate Governance Report.

Disclosures under Sec 243a Para 1 UGB

One share - one vote

1. The share capital of STRABAG SE amounts to € 102,600,000 and consists of 102,600,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 102,599,997 shares are bearer shares and are traded in the Prime Market segment of the Vienna Stock Exchange. Three shares are registered shares. Each bearer share and each registered share accounts for one vote (one share – one vote). The nomination rights associated with registered shares No. 1 and No. 2 are described in more detail under item 5.

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner, Klemens Peter Haselsteiner), the Raiffeisen Group (RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H., BLR-Baubeteiligungs GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Ver-sicherungen AG, UNIQA Erwerb von Be-teiligungen Gesellschaft m.b.H.) and MKAO “Rasperia Trading Limited” (controlled by Oleg Deripaska), as shareholder groups of STRABAG SE, have signed a syndicate agreement governing (1) nomination rights regarding the Supervisory Board, (2) the coordination of voting during the Annual General Meeting, (3) restriction on the transfer of shares and (4) joint development of the Russian market as a core market. The Haselsteiner Group, the Raiffeisen Group together with the UNIQA Group, and MKAO “Rasperia Trading Limited” each have the right to nominate two members of the Supervisory Board. The syndicate agreement also requires the syndicate partners to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. The syndicate agreement further foresees restrictions on the transfer of shares in the form of mutual pre-emptive rights as well as a minimum shareholding on the part of the syndicate partners.

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10.0 % of the share capital of STRABAG SE on 31 December 2021:

   – Haselsteiner Group ………………… 28.3 %
   – Raiffeisen Group ……………………..... 14.2 %
   – UNIQA Group ……………………..... 15.3 %
   – MKAO “Rasperia Trading Limited”… 27.8 %

4. The remaining shares of STRABAG SE, amounting to about 14.4 % of the share capital, are in free float. 7,400,000 no-par value treasury shares of STRABAG SE were withdrawn in the 2021 fiscal year through a simplified capital reduction in accordance with Sec 9 Para 1 of the Societas Europaea Regulation (SE-VO) in conjunction with Sec 192 Para 3 (2) and Para 4 of the Austrian Stock Corporation Act (AktG). As a result, the company itself no longer holds any own shares as of 31 December 2021.

5. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No.1 and No. 2 allow their bearers to nominate a member each to the Supervisory Board of STRABAG SE and require the consent of the Supervisory Board for their full or partial sale and pledging. Registered share No. 1 is held by Klemens Peter Haselsteiner. Registered share No. 2 is held by MKAO “Rasperia Trading Limited”.

6. No employee stock option programmes exist.

7. No further regulations exist beyond items 2 and 5 regarding the nomination and recall of members of the Management and Supervisory Boards or regarding changes to the Articles of Association which do not result directly from relevant law and legislation. No other powers of the members of the Management Board exist, in particular with regard to the possibility of issuing or repurchasing shares.

8. With the exception of the agreements over a syndicated surety loan and a syndicated cash credit line, there exist no significant agreements to which STRABAG SE is party and which would become effective, change or end due to a change of ownership in STRABAG SE following a takeover offer.

9. No compensation agreements exist between STRABAG SE and its Management and Supervisory Board members or employees in the event of a public takeover offer.

Related parties

Business transactions with related parties are described in item 36 of the Notes.

Outlook

Based on the new record order backlog of around € 22.5 billion at the end of 2021, the Management Board is confident that it will also be able to match the record output volume of € 16.6 billion from 2019. Growth is expected in all three operating segments, but especially in South + East.

In terms of the EBIT margin (EBIT/revenue), the company is sticking to its target of achieving at least 4 % on a sustainable basis from 2022 onwards. The combination of numerous positive earnings effects in all segments had led to an exceptionally high EBIT margin in 2021. Net investments (cash flow from investing activities) in 2022 will likely not exceed € 550 million.

An initial assessment of the impacts from Russia's war against Ukraine on output, revenue and earnings in the 2022 financial year, which vary from country to country and from division to division, has already been taken into account.

Events after the reporting period

The material events after the reporting period are described in the item V. of the Notes.

Villach, 26 April 2022

The Management Board

Dr. Thomas Birtel m.p.
CEO
Responsibility Central Staff Divisions and Central Divisions BMTI, TPA as well as CML Construction Services

Mag. Christian Harder m.p.
CFO
Responsibility Central Division BRVZ

Klemens Haselsteiner m.p.
Responsibility Central Divisions STRABAG Innovation & Digitalisation as well as Zentrale Technik, Responsibility Subdivision NN Russia

Dipl.-Ing. Dr. Peter Krammer m.p.
Responsibility Segment South + East (except Subdivision NN Russia)

Dipl.-Ing. Siegfried Wanker m.p.
Responsibility Segment International + Special Divisions

Dipl.-Ing. (FH) Alfred Watzl m.p.
Responsibility Segment North + West

AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have the audited financial statements of

STRABAG SE,
Villach, Austria,

which comprise the Balance Sheet as at 31 December 2021, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements comply with the legal requirements and present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles.

Basis for our Opinion

We conducted our audit in accordance with Regulation (EU) 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

Valuation of investments in affiliated companies and receivables from affiliated companies

Refer to note Annex I/5f.

Risk for the Financial Statements

Investments (TEUR 2,529,607) in and receivables (TEUR 619,495) from affiliated companies represent a major portion of the assets (TEUR 3,308,809) reported in the annual financial statements of STRABAG SE as of 31 December 2021.

Investments in and receivables from affiliated companies are tested for impairment annually and whenever there is an indication that the assets may be impaired. In a first step, the carrying amount of the investments in affiliated companies is compared with the proportionate share in equity at the reporting date. In case the carrying amount exceeds the proportionate share in equity, a valuation of the investment based on discounted cashflows, which significantly depend on future revenue and margin projections, and on discount rates, is performed in a further step. This valuation is subject to significant uncertainty.

Our Response

— We have evaluated the valuation of investments in affiliated companies as well as the receivables from affiliated companies as follows:

— We have re-performed the company’s analysis of the indications of a significantly reduced fair value (including the coverage of the carrying amount by the proportionate share in equity) for the investments in affiliated companies. In addition, we discussed with the Management Board whether there were any other indications of a significant decrease in the fair value of the investments in and receivables from affiliated companies.

— In those cases where the analysis revealed indications of a significantly reduced fair value, the following extended considerations were made:

  — We involved our valuation specialist, who reviewed the method for calculating the impairment test and for determining the cost of capital and assessed whether they corresponded to the relevant standards. We assessed the appropriateness of the assumptions used to determine the cost of capital by comparing them with market and industry-specific values an checked the mathematical accuracy of the calculation scheme.

  — We have reconciled the basis of the calculations applied for the valuation of the investments in and receivables from affiliated companies to the multi-year plan of the Group, taken note of by the Supervisory Board.

  — In order to assess the accuracy of the planned figures, we have gained an understanding of the planning process and discussed the planning process with the Management Board and representatives of the respective company divisions. We assessed the accuracy of the planning figures by comparing the planned figures made in prior periods with the actual values for that period.

— In the case of receivables from affiliated companies that were not already covered by the valuation of investments in affiliated companies, we used the available multi-year plan to check whether there is a need for an impairment write off. We also took into consideration the financial situation of the affiliated companies.

— Finally, we assessed the accuracy and completeness of the Company's disclosures and explanations in the notes relating to investments in and receivables from affiliated companies.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the financial statements, the management report and the auditor’s report.

Our opinion on the financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor´s Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any.

Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

— We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements 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 control.

— We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

— We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

— We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

— From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Management Report

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

Statement

We were elected as auditors at the Annual General Meeting on 18. June 2021 and were appointed by the supervisory board on 18. June 2021 to audit the financial statements of Company for the financial year ending on 31 December 2021.

In addition, during the Annual General Meeting, we have been elected as auditors for the following financial year and appointed by the supervisory board.

We have been auditors of the Company, without interruption, since the financial statements at 31. March 1999.

We declare that our opinion expressed in the "Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

ENGAGEMENT PARTNER

The engagement partner is Mr. Mag. Gerold Stelzmüller.

Linz, 26 April 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gerold Stelzmüller m.p.
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid. The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.