INDIVIDUAL FINANCIAL STATEMENTS 2022

STRABAG
SOCIETAS EUROPAEA

CONTENT

INDIVIDUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

Balance sheet as at 31 December 2022

	31.12.2022	31.12.2021
Assets	**€**	**T€**
A. Non-current assets:		
I. Tangible assets:		
Other facilities, furniture and fixtures and office equipment	1,026,912.46	1,050
II. Financial assets:		
1. Investments in subsidiaries	2,542,740,220.41	2,529,607
2. Investments in participation companies	24,366,674.57	24,140
3. Loans to participation companies	75,057,022.81	83,950
4. Other loans	23,587.30	23
	2,642,187,505.09	2,637,720
	2,643,214,417.55	**2,638,770**
B. Current assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	2,601.43	34
2. Receivables from subsidiaries	519,616,259.74	619,495
thereof with a remaining term more than one year	*269,713,990.40*	*272,642*
3. Receivables from participation companies	5,696,050.21	5,167
4. Other receivables and assets	24,584,377.52	24,869
thereof with a remaining term more than one year	*20,919,428.57*	*24,406*
	549,899,288.90	649,565
II. Cash assets, including bank accounts	495,188.17	4,604
	550,394,477.07	**654,169**
C. Accrual and deferrals	**10,599,024.00**	**93**
D. Deferred tax assets	**12,343,328.00**	**15,778**
Group	**3,216,551,246.62**	**3,308,809**

Equity and liabilities	31.12.2022 €	31.12.2021 T€
A. Equity:		
I. Called up and paid in nominal capital (share capital):		
Subscribed nominal capital (share capital)	102,600,000.00	102,600
less nominal value of own shares	-1,694,816.00	0
	100,905,184.00	102,600
II. Capital reserves (committed)	2,159,447,129.96	2,159,447
III. Retained earnings:		
1. Legally required reserves	72,672.83	73
2. Voluntary reserves	214,834,055.87	21,211
	214,906,728.70	21,283
IV. Reserves for own shares	1,694,816.00	0
V. Unappropriated net profit	502,740,000.00	707,940
thereof profit brought forward	*502,740,000.00*	*0*
	2,979,693,858.66	**2,991,270**
B. Provisions:		
1. Provisions for taxes	728,407.00	1,012
2. Other provisions	18,393,587.00	22,495
	19,121,994.00	**23,507**
C. Accounts payable		
1. Bonds	0.00	200,000
thereof with a remaining term up to one year	*0.00*	*200,000*
2. Trade payables	1,926,285.34	1,703
thereof with a remaining term up to one year	*1,926,285.34*	*1,703*
3. Payables to subsidiaries	107,121,546.74	87,234
thereof with a remaining term up to one year	*107,121,546.74*	*87,234*
4. Payables to participation companies	586,441.87	398
thereof with a remaining term up to one year	*586,441.87*	*398*
5. Other payables	108,101,120.01	4,697
thereof taxes	*445,842.95*	*1,269*
thereof social security liabilities	*29,661.09*	*25*
thereof to shareholder with frozen shareholder rights	*41,325,001.45*	*0*
thereof with a remaining term up to one year	*108,101,120.01*	*4,697*
	217,735,393.96	**294,032**
thereof with a remaining term up to one year	*217,735,393.96*	*294,032*
Group	**3,216,551,246.62**	**3,308,809**

Income statement for the 2022 financial year

	2022	2021
	€	**T€**
1. Revenue (Sales)	83,374,420.28	70,589
2. Other operating income		
a) Income from disposal of and reversal of impairment losses of non-current assets other than financial assets	0.00	22
b) Miscellaneous	23,428.36	11
	23,428.36	**33**
3. Cost of materials and services:		
a) Materials	-37,450.10	-34
b) Services	-23,300,615.58	-20,205
	-23,338,065.68	**-20,239**
4. Employee benefits expense:		
a) Salaries	-9,709,969.25	-9,865
b) Social expenditure	-1,264,051.80	-818
thereof contributions to employee benefit plans	*-111,211.37*	*-96*
thereof social security contributions, as well as payroll-related and other mandatory contributions	*-603,976.81*	*-514*
thereof other social expenditure	*-548,863.62*	*-208*
	-10,974,021.05	**-10,683**
5. Depreciation	-23,317.32	-22
6. Other operating expenses:		
a) Taxes other than those included in item 15	-292,451.90	-116
b) Miscellaneous	-31,570,690.47	-22,638
	-31,863,142.37	**-22,754**
7. Subtotal of items 1 through 6 (operating result)	**17,199,302.22**	**16,924**
8. Income from investments	251,950,432.35	569,284
thereof from subsidiaries	*245,971,104.16*	*561,812*
9. Other interest and similar income	8,290,579.79	8,913
thereof from subsidiaries	*4,012,294.10*	*4,612*
10. Income from disposal and write-up of financial assets and marketable securities	0.00	1,438
11. Expenses related to financial assets:		
a) Depreciation from subsidiaries	-3,330,365.28	-1,646
b) Other depreciation	-700,000.00	0
c) Other expenses from subsidiaries	-3,117,129.61	-4,500
d) Other	-150,000.00	-4,754
	-7,297,494.89	**-10,901**
12. Interest and similar income	-4,306,471.01	-4,578
thereof from subsidiaries	*-3,222,364.54*	*-729*
13. Subtotal of item 8 through 12 (financial result)	**248,637,046.24**	**564,156**
14. Result before taxes	**265,836,348.46**	**581,080**
15. Taxes on income and gains	-6,216,755.00	-2,751
thereof income tax	*-1,049,906.94*	*-840*
thereof tax allocation	*-1,732,184.06*	*2,501*
thereof deferred tax income	*-3,434,664.00*	*-4,413*
16. Income after taxes = net income for the year	**259,619,593.46**	**578,329**
17. Reversal of retained earnings (voluntary reserves)	0.00	129,611
18. Allocation to retained earnings (voluntary reserves)	-259,619,593.46	0
19. Profit for the period	**0.00**	**707,940**
20. Profit brought forward	502,740,000.00	0
21. Unappropriated net profit	**502,740,000.00**	**707,940**

NOTES TO THE 2022 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 2022 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 2022 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.

INFORMATION ON THE UKRAINE WAR

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 the Republic of Moldova.

STRABAG has no business activities in Ukraine itself. STRABAG SE is winding up its business in Russia.

Due to the existing shareholder structure – 27.8% of the share capital of STRABAG SE is held by MKAO “Rasperia Trading Limited”, which is controlled by Oleg Deripaska – STRABAG has also been affected in other ways by Russia’s aggression and the resulting sanctions.

To avert any potential harm to the company, the Management Board of STRABAG SE already decided on 15 March 2022 – at a time when two important markets for STRABAG, the United Kingdom and Canada, had imposed sanctions against Oleg Deripaska – to withhold dividend payments to MKAO “Rasperia Trading Limited”.

At the same time, the existing syndicate agreement between the Haselsteiner, Raiffeisen/Uniqa and MKAO “Rasperia Trading Limited” shareholder groups was terminated by the Haselsteiner Familien-Privatstiftung with effect from 31 December 2022. The sanctions imposed by the EU against Oleg Deripaska on 8 April 2022, in particular the asset freeze, suspend any rights of MKAO “Rasperia Trading Limited” associated with its STRABAG SE shares. STRABAG SE has taken all the necessary steps to ensure compliance with the sanctions and to prevent Oleg Deripaska from exerting even indirect influence on STRABAG. Accordingly, Supervisory Board member Thomas Bull, who was delegated by MKAO “Rasperia Trading Limited”, was recalled at the Extraordinary General Meeting on 5 May 2022. Supervisory Board member Dr. Hermann Melnikov, who had been nominated by MKAO “Rasperia Trading Limited”, voluntarily resigned his post.

These actions were unavoidable in order to protect STRABAG and its image, especially in the countries of Central and Eastern Europe, or to minimise any harmful effects.

In the 2022 financial year, only the orders in Russia that had been in place before the start of the war in Ukraine continued to be fulfilled. New orders are no longer accepted.

NOTES ON MACROECONOMIC DEVELOPMENTS

The price increases for energy and construction materials triggered by the Ukraine war pose major challenges for the construction industry as well.

Fuel for the vehicle and construction equipment fleet accounts for a large part of energy costs. Despite intense consideration of alternatives, alternative power sources for the vehicle fleet and for construction machinery are not yet a feasible option.

After some very dynamic cost development in the first few months after the start of the war, prices began to stabilise to a certain extent, although at a high level – where they are likely to remain for the long term.

The availability of construction materials improved over the course of the year, and the main supply chains are again intact. The management is addressing supply chain risks with a high degree of decentralisation, the long-term procurement of raw materials, in-house production of construction materials and a proactive pricing policy.

The high construction prices and increased interest rates are bound to have an impact on demand. The group’s broad diversification, however, will cushion these effects. Public sector orders in particular, most of which contain escalation clauses, will have a stabilising effect. Management expects the public sector to continue to place orders on a steady basis.

IMPACT OF CLIMATE CHANGE

The climate crisis is one of the most pressing challenges of our time, bringing with it increasing economic impacts and risks for businesses in the future.

Stricter legislation on energy standards within the EU and increasing requirements for the circularity of buildings are expected in the future. Public sector clients are starting to issue tenders that include sustainability as an evaluation criterion.

Demand is set to increase for sustainable buildings that take life-cycle considerations into account as well as for renovation work on existing buildings. This will lead to an increased demand for sustainable building materials, which, however, do not yet exist or are not yet available in sufficient quantities.

Stricter energy legislation along with delays in construction due to extreme weather events are expected to lead to increased costs and a further rise in construction prices.

The property and facility services business will increasingly offer green services using sustainable cleaning agents and environmentally friendly equipment in the future. The higher average temperatures are expected to result in an increased need for refurbishment and modernisation at IT locations for telecommunications and at data centres.

In the field of project development services, more projects related to renewable energies will be put out to tender in the future.

In total, the risks to assets and liabilities resulting from climate change can nevertheless be classified as comparatively low. Consequently, there are no risks that could jeopardise the continuation of the company as a going concern.

On the contrary, the construction sector, as a result of the construction and technology measures required to adapt to climate change, will make a significant contribution to protecting ourselves against the expected impacts.

As part of the sustainability strategy adopted in the 2021 financial year, STRABAG has set itself the goal of achieving climate neutrality along the entire value chain by the year 2040. When designing and building construction projects, the company focuses on ecologically compatible, sustainable construction methods as well as on the efficient use of resources and their recycling in order to limit any negative impact of construction on the environment as far as possible.

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

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 / as of 2023 € 1,000.00) 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 future corporate income tax rate of 23 % respectively 24 % (previous year: 25 %). No deferred tax assets are recognized for tax loss carryforwards.

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).

Of the loans, an amount of € 5,381,330.00 (previous year: T€ 0) is due within the next year.

ACCOUNTS RECEIVABLE AND OTHER ASSETS

Receivables from subsidiaries involve 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 € 159,669.48 (previous year: T€ 399) which will be cash effective after the balance sheet date.

PREPAID EXPENSES

Prepaid Expenses mainly relate to an accrual for sponsoring in the amount of € 10,000,000.00 (previous year: T€ 0).

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:

	31.12.2022 €	31.12.2021 T€
Property, plant and equipment	0.00	1
Financial assets	0.00	347
Remaining seventh from depreciation of participation	46,236,555.00	50,252
Provisions	7,204,000.00	10,480
Liabilities	216,667.00	2,031
Total	**53,657,222.00**	**63,111**
Resulting deferred taxes on 31.12. (23 % respectively 24 % / previous year: 25 %)	**12,343,328.00**	**15,778**

The deferred taxes developed as follows:

	2022 €	2021 T€
Balance on 1.1.	**15,777,992.00**	**20,191**
Change in profit or loss	-3,434,664.00	-4,413
Balance on 31.12.	**12,343,328.00**	**15,778**

EQUITY

The fully paid-in share capital amounts to € 102,600,000.00 and is divided into 102,599,997 no-par bearer shares and three registered shares.

The following resolutions were passed among others at the 18th Annual General Meeting of STRABAG SE held on 24 June 2022:

The Management Board shall be authorised, in accordance with Section 65 Para 1 No 8 as well as Para 1a and 1b of the Austrian Stock Corporation Act (AktG), to acquire no-par value bearer or registered shares of the company on the stock exchange, by public tender or in any other manner to the extent of up to 10% of the share capital during a period of 30 months from the date of this resolution at a minimum price of € 1.00 per share (= calculated value of one share in proportion to the share capital) and a maximum price of € 42.00 per share. The purpose of the acquisition may not be to trade with own shares. This authorisation may be exercised once or several times, in full or in part or in several partial amounts, and in pursuit of one or several purposes by the company, by a subsidiary (Section 189a Para 7 of the Austrian Commercial Code (UGB)) or by third parties acting on behalf of the company. The authorisation will be exercised by the Management Board in such a way that the proportion of the share capital associated with the shares acquired by the company on the basis of this authorisation or otherwise may not exceed 10% of the share capital at any time.

An acquisition may be decided by the Management Board; the Supervisory Board must be subsequently informed of this decision.

The Management Board shall be authorised, with regard to the acquisition of no-par value bearer or registered shares of the company (resolution item 1), to exclude the shareholders' proportionate selling rights that may accompany such an acquisition (reverse exclusion of subscription rights). An acquisition under exclusion of the proportionate selling rights (reverse exclusion of subscription rights) is subject to the prior consent of the Supervisory Board.

The Management Board shall be authorised to withdraw, with the consent of the Supervisory Board, all or part of the own shares acquired by the company without a further resolution by the General Meeting.

The Management Board shall be authorised, for a period of five years from this resolution, to sell or assign its own shares, with approval by the Supervisory Board, in accordance with Section 65 Para 1b AktG in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation may be exercised once or several times, in full or in part or in several partial amounts, and in pursuit of one or several purposes by the company, by a subsidiary (Section 189a Para 7 UGB) or by third parties acting on behalf of the company.

On 18 August 2022 Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner and Klemens Haselsteiner, RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung and a group company as well as UNIQA Insurance Group AG and group companies, have concluded a new long-term syndicate agreement to continue the existing core shareholder syndicate for STRABAG SE.

The Management Board of STRABAG SE welcomes the continuation of the core shareholder group, which supports the company's successful strategic orientation and growth.

Mandatory offer by core shareholders

On 18 August 2022 Haselsteiner Familien-Privatstiftung, RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung and UNIQA Österreich Versicherungen AG informed STRABAG SE of their intention, as bidders, to make a mandatory (anticipatory) public offer pursuant to Section 22 et seq of the Austrian Takeover Act (ÜbG) for the acquisition of all outstanding no-par value bearer shares of STRABAG SE (ISIN AT0000STR1) not held by the bidders or by legal entities acting in concert with the bidders, with an offer price of € 38.94 per STRABAG share.

The offer is also intended to remove the current restriction on voting rights of the bidders (and the legal entities acting jointly with them) to a total of 26%, which arose due to a passive acquisition of control because of the European sanction restrictions on MKAO "Rasperia Trading Limited".

Agreement on the acquisition of own shares by STRABAG SE

STRABAG SE has agreed with the bidders to acquire, as own shares, up to 10,260,000 of the shares included in the offer, representing up to 10% of the share capital, at the same price as the offer price (€ 38.94). The bidders will acquire these shares in the course of the offer in trust for STRABAG SE.

This agreement is based on the resolution adopted by the General Meeting on 24 June 2022 authorising the Management Board to buy back own shares.

By December 31, 2022, 1,694,816 shares had been bindingly tendered for sale in the tender offer, which is why these shares are to be presented as own shares in the financial statements. The acquisition costs for these shares amounting to € 65,996,135.04 were deducted directly from retained earnings and recognized as other liabilities.

STRABAG SE acquired 2,779,006 shares under the share purchase agreement on 9 February 2023. The acquisition costs for the own shares therefore amounted to a total of € 108,214,493.64.

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 € 7,400,000.00 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 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 € 1,335,661.20 (previous year: T€ 3,410) which will be cash effective after the balance sheet date.

Other liabilities to shareholder with frozen shareholder rights

The minority shareholder MKAO “Rasperia Trading Limited” is controlled by Russian businessman Oleg Deripaska, who was added to the sanctions lists in the following jurisdictions: Canada (on 6 March 2022), United Kingdom (on 10 March 2022), Australia (on 18 March 2022), European Union (on 8 April 2022), Switzerland (on 13 April 2022) and Poland (26 April 2022). Due to the EU sanctions against Oleg Deripaska, the shares of MKAO „Rasperia Trading Limited“ in STRABAG SE and all rights associated with these shares, including voting rights and dividend entitlements, are frozen. Since the EU sanctions came into force on 8 April 2022, MKAO “Rasperia Trading Limited” therefore no longer constitutes a related party.

A dividend of € 2.00 per share was approved at the Annual General Meeting of 24 June 2022. As the dividend claims from the shares held by MKAO “Rasperia Trading Limited” are frozen due to the sanctions imposed on Oleg Deripaska, the dividend attributable to MKAO “Rasperia Trading Limited” less capital gains tax in the amount of € 41,325,001.45 was not paid out but is recognised under other liabilities.

CONTINGENT LIABILITIES

	31.12.2022 €	31.12.2021 T€
Sureties/Guarantees	124,438,751.58	145,288
Cash-Clearing Liabilities	1,417,872,284.50	1,266,505
Total	**1,542,311,036.08**	**1,411,793**
thereof with subsidiaries	1,478,565,080.67	1,341,800

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 2022 is € 438,960,935.88 (previous year: T€ 517,590).

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 2022 amount to € 978,911,348.62 (previous year: T€ 748,915).

Furthermore performance bonds in the amount of € 1,026,967,957.91 (previous year: T€ 688,245) 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 € 8,256,170.40 (previous year: T€ 7,468) for the 2023 financial year. The sum of all obligations for the next five years is € 41,280,852.00 (previous year: T€ 37,338).

OTHER FINANCIAL OBLIGATIONS

As a result of the obligation to purchase up to 10,260,000 shares, there is a financial obligation of € 42,218,358.60 as of the reporting date. The total obligation under the share purchase agreement amounts to € 108,214,493.64, of which € 65,996,135.04 has already been recognized as a liability as of December 31, 2022.

For more details, please refer to the explanations in equity.

IV. Notes to the income statement

REVENUES (SALES)

	2022	2021
	€	T€
Domestic revenue	39,687,236.20	36,008
Foreign revenue	43,687,184.08	34,581
Total	**83,374,420.28**	**70,589**

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 2022 financial year amounted to T€ 9,815 (previous year: T€ 9,815).

In the financial year, a member of the Management Board received a pension benefit of T€ 80 (previous year: T€ 76) from his previous activity in a group company.

OTHER OPERATING EXPENSES

Supervisory Board member salaries in the period under review amounted to € 244,356.00 (previous year: T€ 270).

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

No material events occurred after the balance sheet date.

APPROPRIATION OF NET INCOME

The Management Board proposes to pay out a dividend in the amount of € 2.00 per share for the 2022 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 2023 financial year.

The expenses for the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, for the financial year amount to T€ 889 (previous year: T€ 799), of which T€ 69 (previous year: T€ 64) are for the audit of the financial statements, T€ 730 (previous year: T€ 682) for other audit services and T€ 90 (previous year: T€ 53) for miscellaneous services.

In addition, T€ 88 (previous year: T€ 37) were calculated for miscellaneous services to subsidiaries.

Villach, 06 April 2023

The Management Board

Klemens Haselsteiner, BBA, BF m.p.

Mag. Christian Harder m.p.

Dipl.-Ing. (FH) Jörg Rösler 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 2022

T€	Balance as at 1.1.2022	Acquisition and production costs Additions	Transfers	Disposals	Balance as at 31.12.2022
I. Tangible assets:					
Other facilities, furniture and fixtures and office equipment	1,318,105.20	0.00	0.00	0.00	1,318,105.20
	1,318,105.20	**0.00**	**0.00**	**0.00**	**1,318,105.20**
II. Financial assets:					
1. Investments in subsidiaries	2,739,627,166.45	18,772,448.67	0.00	2,409,203.00	2,755,990,412.12
2. Investments in participation companies	35,290,683.57	927,000.00	0.00	0.00	36,217,683.57
3. Loans to participation companies	83,949,578.46	3,465,664.84	0.00	12,358,220.49	75,057,022.81
4. Other loans	22,930.48	656.82	0.00	0.00	23,587.30
	2,858,890,358.96	**23,165,770.33**	**0.00**	**14,767,423.49**	**2,867,288,705.80**
Group	**2,860,208,464.16**	**23,165,770.33**	**0.00**	**14,767,423.49**	**2,868,606,811.00**

					Accumulated depreciation	Carrying amounts	
Balance as at 1.1.2022	Additions	Reversal of impairment losses	Transfers	Disposals	Balance as at 31.12.2022	Carrying amount 31.12.2022	Carrying amount 31.12.2021
267,875.42	23,317.32	0.00	0.00	0.00	291,192.74	1,026,912.46	1,050,229.78
267,875.42	**23,317.32**	**0.00**	**0.00**	**0.00**	**291,192.74**	**1,026,912.46**	**1,050,229.78**
210,019,825.43	3,330,365.28	0.00	0.00	99,999.00	213,250,191.71	2,542,740,220.41	2,529,607,341.02
11,151,009.00	700,000.00	0.00	0.00	0.00	11,851,009.00	24,366,674.57	24,139,674.57
0.00	0.00	0.00	0.00	0.00	0.00	75,057,022.81	83,949,578.46
0.00	0.00	0.00	0.00	0.00	0.00	23,587.30	22,930.48
221,170,834.43	**4,030,365.28**	**0.00**	**0.00**	**99,999.00**	**225,101,200.71**	**2,642,187,505.09**	**2,637,719,524.53**
221,438,709.85	4,053,682.60	0.00	0.00	99,999.00	225,392,393.45	2,643,214,417.55	2,638,769,754.31

List of participations

(20.00 % interest minimum)

Name and residence of the company:	Interest %	Equity/ negative Equity[1] T€		Result of the financial year[2] T€	
Investments in subsidiaries:					
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau	100.00	14,300		5,758	
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau	100.00	297,182		14,041	
"Strabag Azerbaijan" Limited Liability Company, Baku	100.00	1,340		44	
"Strabag" d.o.o. Podgorica, Podgorica	100.00	6,282		63	
Asphalt & Beton GmbH, Spittal an der Drau	100.00	8,466		-644	
Bau Holding Beteiligungs GmbH, Spittal an der Drau	65.00	1,428,748		84,056	
BHG Sp. z o.o., Pruszkow	100.00	4,353		631	
CML CHILE SPA, Vitacura	100.00	4		4	
CML Construction Services AB, Stockholm	100.00	4		0	
CML Construction Services, Antwerpen	100.00	49		-7	
CML Construction Services A/S, Trige	100.00	83		-2	
CML Construction Services d.o.o. Beograd, Belgrade	100.00	149		35	
CML CONSTRUCTION SERVICES d.o.o., Zagreb	100.00	192		13	
CML Construction Services EOOD, Sofia	100.00	-3		-6	
CML Construction Services GmbH, Cologne	100.00	969		895	
CML Construction Services GmbH, Schlieren	100.00	157		16	
CML Construction Services GmbH, Vienna	100.00	240		-20	
CML CONSTRUCTION SERVICES LIMITED, London	100.00	-58	3	-60	3
CML CONSTRUCTION SERVICES Sp. z o.o., Pruszkow	100.00	450		-16	
CML CONSTRUCTION SERVICE S.R.L., Bologna	100.00	40		16	
CML CONSTRUCTION SERVICES s. r. o., Bratislava	100.00	171		18	
CML CONSTRUCTION SERVICES s.r.o., Prague	100.00	176		24	
CML Construction Services Zrt., Budapest	100.00	286		50	
DC1 Immo GmbH, Vienna	100.00	693		-121	
DRP, d.o.o., Ljubljana	100.00	-8,431		0	
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	100.00	8,395		331	
Erste Nordsee-Offshore-Holding GmbH, Vienna	51.00	114		-1,123	
KMG - KLIPLEV MOTORWAY GROUP A/S, Trige	100.00	2,187		264	
Mazowieckie Asfalty Sp. z o.o., Pruszkow	100.00	-37	3	-4	3
Mineral Abbau GmbH, Spittal an der Drau	100.00	15,130		2,543	
OOO "CML", Moscow	100.00	363		-7	
PRZEDSIEBIORSTWO ROBOT DROGOWYCH SPOLKA Z OGRANICZONA ODPOWI WLIKWIDACJI, Choszczno	100.00	4		4	
SAT REABILITARE RECICLARE SRL, Cluj-Napoca	100.00	3,552		1,180	
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	401		-9	
SAT SLOVENSKO s.r.o., Bratislava	100.00	2,184		313	
SF Bau vier GmbH, Vienna	100.00	2,658		-121	
STRABAG A/S, Trige	100.00	0		-11	
STRABAG AG, Schlieren	100.00	-25,298		7,299	
STRABAG AG, Cologne	100.00	1,235,684		329,846	
STRABAG Infrastruktur Development, Moscow	100.00	134		168	
STRABAG Oy, Helsinki	100.00	-18		-197	
STRABAG Real Estate GmbH, Cologne	28.40	157,784		35,580	
Strabag RS d.o.o., Banja Luka	100.00	-793		-40	
STRABAG Silnice a.s., Prague	100.00	2.798		69	
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	94.00	8,565		1,996	
TPA GmbH, Cologne	100.00	2,716		996	
Zweite Nordsee-Offshore-Holding GmbH, Vienna	51.00	-9,066		-4,445	

1 according to Para 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2021
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]
EPM PSO GmbH & Co KG, Spittal an der Drau	20.00	[4]	[4]
GDK Flight Management GmbH (formerly: Goldeck Flight Management GmbH), Spittal an der Drau	20.00	[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, Baden	50.00	[4]	[4]
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL, Bucharest	35.31	[4]	[4]
SRK Kliniken Beteiligungs GmbH, Baden	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 Para 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2021
4 no statement according to Para 242 Sec 2 UGB

Management and Supervisory Board

Management Board:

Klemens H a s e l s t e i n e r, BBA, BF (CEO since 1 January 2023)

Dr. Thomas B i r t e l (CEO until 31 December 2022)

Mag. Christian H a r d e r

Dipl.-Ing. (FH) Jörg R ö s l e r (since 1 January 2023)

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

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

Dipl.-Ing. Dr. Peter K r a m m e r (until 12 June 2022)

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

Mag. Kerstin G e l b m a n n

Mag. Gabriele S c h a l l e g g e r (since 24 June 2022)

Thomas B u l l (until 5 May 2022)

Dr. Hermann M e l n i k o v (until 13 April 2022)

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 l n é (works council until 5 May 2022 and since 24 June 2022)

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)

Miroslav Č e r v e n ý (works council until 5 May 2022)

GROUP MANAGEMENT REPORT

Important events

FEBRUARY

STRABAG continues upgrade of S19 expressway in Poland for € 85 million

The Group's Polish subsidiary received another major contract to expand the S19 expressway in Poland. The project comprises approximately 7.5 km of new roadway plus a further 6.2 km upgrade of the carriageway of the Międzyrzec Podlaski bypass as part of the second construction stage. The contract will be implemented over a period of 42 months as a design-and-build project.

MARCH

Core shareholder Haselsteiner Familien-Privatstiftung terminates syndicate agreement

On 15 March 2022, STRABAG was informed by its core shareholder Haselsteiner Familien-Privatstiftung that it had terminated as of 31.12.2022 the syndicate agreement in place with UNIQA Group, Raiffeisen Group and MKAO "Rasperia Trading Limited" after all efforts to acquire the Russian shares had failed. The syndicate agreement had been in effect since 2007 and, in addition to the nomination of Supervisory Board members, also provided for the coordination of voting results at the General Meeting.

STRABAG implements ÖGNI-certified Grünblick project in Vienna

STRABAG was commissioned by Value One to act as general contractor on the Grünblick residential project in Viertel Zwei in Vienna. Grünblick was already awarded the gold sustainability certificate by the Austrian Society for Sustainable Real Estate (ÖGNI). The urban development project, located directly at Vienna's Prater public park, involves the construction of 340 premium private flats on 27 floors, ranging in size from just under 44 m² to 134 m². The contract also includes retail space as well as a children's nursery on the ground floor and underground parking levels with around 220 parking spaces. The € 110 million project is scheduled for turnkey delivery to Value One in summer 2025.

The Grünblick project will be a residential tower in the car-free Viertel Zwei in the immediate proximity of Prater park and the Krieau Trabrennbahn (harness racing track)

APRIL

Sanctions against Oleg Deripaska

After Canada, the United Kingdom and Australia, the European Union on 8 April 2022 added Oleg Deripaska, who controls the STRABAG SE shareholder MKAO "Rasperia Trading Limited", to its sanctions list. The EU sanctions thus also apply to MKAO "Rasperia Trading Limited". STRABAG is not a sanctioned company, as STRABAG SE is not controlled by MKAO „Rasperia Trading Limited" (or indirectly by Oleg Deripaska) as defined by the sanction regulations.

MAY

Construction of headquarters for Volksbank Raiffeisenbank Bayern Mitte

STRABAG subsidiary ZÜBLIN was commissioned to build the company headquarters for Volksbank Raiffeisenbank Bayern Mitte in Ingolstadt, Germany. The building will be completed in an energy-efficient design with technologies such as concrete core temperature control and a photovoltaic system on the roof. Gold certification with the DGNB sustainability seal is also planned. The cooperation between Volksbank Raiffeisenbank Bayern Mitte and ZÜBLIN is based on the TEAMCONCEPT® partnering model, which focuses on the early involvement of the construction partner in the planning and a partnership-based handling of construction projects. Construction work should be completed by the end of 2024.

STRABAG Real Estate (SRE) is also involved in the DonauTower project: SRE was commissioned by the bank as a service developer in 2019, among other things to prepare the building site for construction in a project-related development plan.

Klemens Haselsteiner appointed new CEO

Klemens Haselsteiner succeeds Thomas Birtel as CEO

STRABAG received a new CEO effective from 1 January 2023. Klemens Haselsteiner succeeds Thomas Birtel, who was stepping down as CEO after ten years at the helm upon reaching the specified age limit. Haselsteiner has been on the Management Board since 2020, where he set up and established the Digitalisation, Corporate Development and Innovation portfolio. In addition to overseeing pilot projects, his focus as Chief Digital Officer was on the definition and implementation of a corporate-wide digitalisation and sustainability strategy.

JUNE

STRABAG subsidiary ZÜBLIN receives orders worth around € 283 million in Chile

With two new tunnelling contracts for the Candelaria Norte and El Teniente mines, the STRABAG Group is further advancing its successful mining business in Chile. The contracts have a total value of around € 283 million. Through its subsidiary ZÜBLIN, the company has spent the last 16 years developing the copper ore mine in the Atacama region, 650 km north of the capital Santiago. During this period, 140 km of tunnels in total have been built, and a further 40 km are to be constructed in the coming three-year contract period on behalf of client Lundin Mining.

The new contract also includes the loading and transport of more than three million tonnes of rock.

ZÜBLIN has been working for the client, the National Copper Corporation of Chile (CODELCO), at the El Teniente copper mine since 1992. The new two-year contract includes, among other things, the development of a tunnel system with a length of 13.4 km on different levels, 1,503 m of vertical shafts, and other infrastructure work. The company is currently working on seven major projects in Chile, including mining projects in Chuquicamata, Candelaria and El Teniente as well as laying 140 foundations for the largest wind farm in South America with a projected output of 778 MW. After its completion, the wind farm will cover the energy needs of around 700,000 households.

JULY

Federal Competition Authority requests review of antitrust decision

On 21 October 2021, the Vienna Higher Regional Court (OLG), sitting as the Cartel Court, issued a final decision in the antitrust proceedings against STRABAG AG and F. Lang u. K. Menhofer Baugesellschaft m.b.H & Co. KG and a fine of € 45.37 million was imposed on the two group companies. The Austrian Federal Competition Authority (BWB) subsequently requested that this decision should be reviewed. The Cartel Court rejected the motion. The BWB and the Federal Cartel Prosecutor have appealed against the ruling. A decision by the Austrian Supreme Court (OGH) is pending.

Modernisation of railway line between Zagreb and Rijeka for € 228 million

STRABAG signed a contract in Croatia for the modernisation of a 44 km railway line between Zagreb and the port city of Rijeka. The order includes, among other things, the upgrade of the existing track, construction of a new track and the modernisation of several stations and stops. The contract has a value of € 228 million and is mainly being co-financed through the European Union's Cohesion Fund.

AUGUST

Core shareholders of STRABAG SE agree on new syndicate

The core shareholders Haselsteiner Familien-Privatstiftung, the UNIQA Group and Raiffeisen Group concluded a new syndicate agreement on 18 August 2022. The Management Board of STRABAG SE welcomes the continuation of the core shareholder group, which supports the company's successful strategic orientation and growth.

Austrian core shareholders make mandatory offer required as a result of MKAO "Rasperia Trading Limited" asset freeze

The asset freeze imposed by the EU prohibits MKAO "Rasperia Trading Limited" from exercising all rights associated with its STRABAG SE shares. This had the following consequence in accordance with the Austrian Takeover Act: the remaining core shareholders – Haselsteiner Familien-Privatstiftung, the UNIQA Group and Raiffeisen Group – acquired passive control over STRABAG SE. By law, this triggered a restriction of the voting rights of the Austrian core shareholders to a combined 26% despite the fact that they effectively hold 57.8% of the shares.

To lift the legal restriction on voting rights, it was necessary for Haselsteiner Familien-Privatstiftung, the UNIQA Group and Raiffeisen Group to make an anticipatory mandatory offer. Pursuant to the Austrian Takeover Act, the voting right restriction will cease to apply following settlement of the offer.

SEPTEMBER

STRABAG gives itself new look, focuses on progress and sustainability

STRABAG is addressing the most pressing issues facing the construction industry in the future and is committing itself to becoming climate neutral along the entire value chain by 2040. In total, STRABAG is currently working on 250 innovation and 400 sustainability projects across the entire Group. All relevant information is summarised in the Work On Progress Hub at work-on-progress.strabag.com. The hub contains up-to-date details on the topics of digitalisation and innovation, the reduction of greenhouse gases, and materials and circularity. The site also offers further information on specific flagship and pilot projects that STRABAG is currently working on: building projects where STRABAG creates the walls using 3D concrete printing directly on site; asphalt that is recycled and reused in the construction of new roads; conveyor belts that generate their own electricity; an old oil port that STRABAG is redeveloping into a centre for urban mining.

OCTOBER

Upgrade of Berlin-Köpenick station for regional rail service

STRABAG Rail has been commissioned by DB Netz AG to upgrade the Köpenick railway station in southeast Berlin to handle regional rail traffic. The new station is a key element of Berlin's transport concept and part of the extensive project to modernise the west-east corridor from Berlin to the Polish border near Frankfurt an der Oder. STRABAG Rail GmbH is leading the comprehensive modernisation works together with STRABAG AG, STRABAG Fahrleitungen GmbH and ZÜBLIN Stahlbau GmbH. The contract value amounts to around € 154 million. Starting in 2027, the railway line will enable shorter travel times between the cities of Magdeburg, Potsdam, Berlin and Frankfurt an der Oder at speeds of up to 160 km/h.

Development of A3 motorway in Romania for € 85 million

STRABAG's Romanian subsidiary was awarded another key contract. Together with consortium partner GEIGER, STRABAG is building a 15.7 km long section of the A3 motorway between Câmpia Turzii and Chețani for € 85 million (STRABAG's share: 60%). Construction was scheduled to start in 2022 and will take around 18 months.

NOVEMBER **STRABAG Environmental Technology lays foundation for circular construction of the future with pilot project in Bremen**

The STRABAG Group launched a pioneering flagship project as part of its sustainability strategy in November with a symbolic groundbreaking ceremony that marked the start of remediation and construction work for the Circular Construction & Technology Center (C3) at Bremen's former oil port. As a pilot project, the competence centre for urban mining and construction waste processing will lay the foundation for the resource-saving, low-carbon construction of the future. The recycled building materials developed and obtained here will make a significant contribution to establishing closed material cycles in the construction industry in the Bremen region. Over the next two years, however, STRABAG Environmental Technology must first comprehensively and sustainably clean up the site of the former refinery tank farm, which was heavily contaminated with mineral oil. The step-by-step construction of the buildings and of the plant technology will begin in 2024; the facilities for recycling construction waste are also scheduled to go into operation that same year.

Visualisation of C3 in Bremen

DECEMBER **STRABAG expands facility services business through acquisition of Bockholdt GmbH & Co. KG**

With the acquisition of northern German cleaning service provider Bockholdt GmbH & Co. KG, STRABAG Property and Facility Services (STRABAG PFS) is expanding its activities in infrastructural facility management. With the acquisition, STRABAG PFS is significantly strengthening its own service volume and expanding its presence in northern Germany. The Lübeck-based family business was founded in 1959 and specialises in cleaning buildings, industrial facilities and hospitals. With around 3,600 employees, an inhouse training academy, and 13 locations, Bockholdt is one of the largest employers in northern Germany.

Country report

DIVERSIFYING THE COUNTRY RISK

STRABAG sees itself as a European technology group for construction services with a strong focus on Central and Eastern Europe. With a dense network of numerous subsidiaries in many European countries and on other continents, we are expanding 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 with little expense. 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 Group recorded a 10% higher output of € 17,735.47 million in the 2022 financial year. The greatest increase in output volume in absolute figures was recorded in our home market in Germany, followed by Austria and the United Kingdom, where the two major projects are currently being executed, and the Czech Republic.

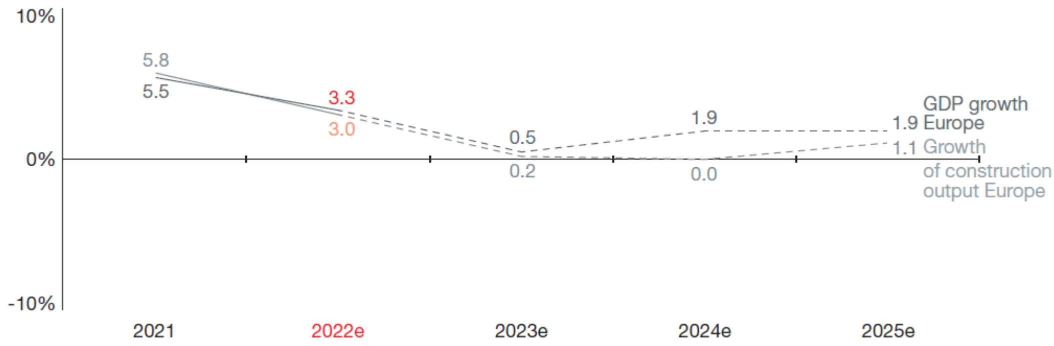
OUTPUT VOLUME BY COUNTRY

€ mln.	2022	% of total output volume 2022[1]	2021	% of total output volume 2021[1]	▲ %	▲ absolute
Germany	8,347	47	7,462	46	12	885
Austria	2,935	17	2,694	17	9	241
Poland	1,126	6	1,152	7	-2	-26
Czech Republic	1,093	6	948	6	15	145
Hungary	688	4	652	4	6	36
United Kingdom	578	3	390	2	48	188
Americas	558	3	482	3	16	76
Slovakia	351	2	289	2	21	62
Romania	315	2	264	2	19	51
Middle East	252	1	203	1	24	49
Croatia	238	1	177	1	34	61
Switzerland	197	1	192	1	3	5
Benelux	176	1	233	1	-24	-57
Sweden	152	1	121	1	26	31
Serbia	146	1	155	1	-6	-9
Asia	136	1	145	1	-6	-9
Rest of Europe	110	1	136	1	-19	-26
Slovenia	81	0	104	1	-22	-23
Bulgaria	68	0	82	1	-17	-14
Denmark	61	0	109	1	-44	-48
Russia[2]	59	0	46	0	28	13
Africa	47	0	35	0	34	12
Italy	21	0	58	0	-64	-37
Total	**17,735**	**100**	**16,129**	**100**	**10**	**1,606**

1 Rounding differences are possible.
2 STRABAG is in the process of winding up its activities in Russia.

GLOBAL ECONOMY SLOWED DOWN[1]

GROWTH COMPARISON CONSTRUCTION VS GDP EUROPE



Following a significant catch-up effect in 2021, global economic growth weakened noticeably in 2022 in the wake of numerous challenges such as the ongoing disruption of supply chains as a result of the pandemic and Russia's invasion of Ukraine. The war has led, among other things, to supply bottlenecks for gas and oil as well as to restrictions in global trade, which in turn resulted in sharp price increases, especially for energy. This also triggered a significant increase in the general price level, which could not be offset by wage increases. Continuing inflationary pressures were compounded by rising interest rates and tighter lending standards. Moreover, China's zero-Covid policy put further pressure on both the national and global economies.

At the same time, the impact of climate change is also becoming more noticeable in the individual economies. There is widespread agreement that measures for an energy transition away from fossil fuels are indispensable and that corresponding investments are urgently needed.

The IMF expects the global economy to grow by 3.2% in 2022 and by 2.7% in 2023. The weak level of growth is likely to persist for longer, as prices are expected to remain high over the long term, triggering additional monetary policy measures.

The OECD estimates the European Union's economic growth at 3.3% in 2022. The gross domestic product of the 19 Euroconstruct countries (EC-19) also rose by 3.3% in the same year. The growth rates of the individual countries vary greatly, however, ranging from +1.5% to +10.0%. The high energy prices will sharpen the focus on the energy transition in Europe in the future. GDP growth of only 0.5% is expected for the EC-19 region in 2023, followed by 1.9% in each of the two subsequent years.

WEAKER GROWTH IN THE CONSTRUCTION SECTOR

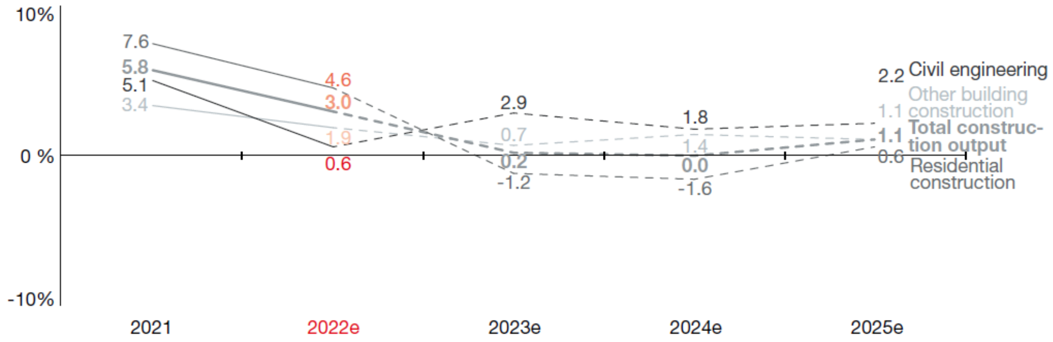
With growth of 3.0% in 2022, the construction industry in the EC-19 countries grew at a lower rate than in the previous year (2021: +5.8%). The tremendous changes in Europe, above all Russia's military aggression against Ukraine, significantly impacted the construction industry in the reporting year. The steadily rising construction costs and consumer prices, as well as the repeated interest rates hikes in the eurozone, led to many projects launches being postponed or cancelled entirely. Due to the uncertain economic outlook and rising property prices, a decline in consumer confidence was also observable. These negative effects were offset by positive influences from public subsidies, especially for renovation work.

In a sector-by-sector comparison, residential construction performed best in 2022 with a plus of 4.6%, ahead of non-residential construction with +1.9% and civil engineering with +0.6%. The strongest growth was again seen in the Italian construction industry with a plus of 12.1%, followed by Ireland with +9.0%. Portugal brought up the rear with -2.5%, followed by Switzerland (-1.8%) and Germany (-0.5%). Construction in the 19 Euroconstruct countries is expected to decline significantly or stagnate in the coming years. Growth is projected to remain nearly flat at +0.2% in 2023 before stagnating entirely the following year (2024: 0.0%). A slight increase, of 1.1%, is not expected until 2025.

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 2022 reports. The indicated market share data are based on the data from the year 2022 and 2022 estimates from Euroconstruct and EECFA.

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

GROWTH COMPARISON CONSTRUCTION SECTOR EUROPE

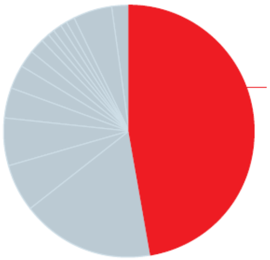


Residential construction, which continues to account for almost half of total European construction output, grew by 4.6% in 2022 with a volume of € 941.4 billion. The 15 western Euroconstruct countries, with growth of 4.7%, outperformed the eastern countries (+3.2%). In absolute terms, Germany was in the lead ahead of Italy, followed by the UK and France. Forecasts predict a decline in construction output in this segment for 2023 and 2024 (-1.2% and -1.6%, respectively), with a slight recovery of +0.6% expected in 2025.

Non-residential construction, which accounts for 30% of the European construction volume, grew at 1.9% in 2022, which represents a weaker rate than in the previous year. Germany is the largest market for this segment, followed by the UK, France and Italy. The strongest growth was seen in Sweden, the Czech Republic, France, Poland and the Netherlands. Non-residential construction grew most weakly in Switzerland, Germany and Belgium. Euroconstruct forecasts a slight increase of 0.7% and 1.4% for the segment in 2023 and 2024, respectively, followed by +1.1% in 2025.

Civil engineering, which contributes around 20% to European construction output, managed only slight growth in 2022 (+0.6%) after +5.1% in the previous year. Heavily dependent on public investors, the segment was hit especially hard by the sharp rise in prices for energy and building materials. The trend in the individual countries was quite different. Although Germany is the largest civil engineering market in the EC-19, ahead of France, it closed the reporting year negatively with -1.0%. Measured by the volume of construction output, the United Kingdom and Italy followed. The strongest growth was in Spain, Norway and Belgium, while the biggest decline was in Portugal. The growth rate for European civil engineering is expected to reach +2.9% in 2023 and +1.8% in 2024, with a plus of 2.2% projected for 2025. More than half of European civil engineering investments are in road and rail networks, followed by energy and water supply projects.

GERMANY



Overall construction volume:	€ 418.7 billion
GDP growth:	2022e: 1.5% / 2023e: -0.5%
Construction growth:	2022e: -0.5% / 2023e: 0.4%

The initially positive development of the German economy was severely dampened by Russia's invasion of Ukraine in February 2022. Businesses came under enormous pressure as a result of the sharp increases in fuel, gas and electricity prices and the skyrocketing prices for raw materials and intermediate products. The massive increase in energy prices resulted in noticeable financial losses for both private households and companies, despite a multitude of government aid measures. At the same time, the inflation rate reached 8.5%, the highest level in approximately 70 years. Euroconstruct expects GDP growth in 2022 to have reached 1.5%, but already anticipates a moderate decline in 2023 with 0.5%. In the medium term, growth should then level off again between +2.5% and +2.0% annually.

With a decline in construction output of only 0.5%, the German construction industry has come through the crisis relatively well so far. Construction companies continued to benefit from their full order books for the time being. In addition to the shortage of skilled labour, however, the sector remained beset by supply bottlenecks for building materials and the associated price increases. The changed interest rate level also had a dampening effect on growth. The new market environment led to a 16% increase in prices for construction services in 2022. Based on the existing order backlog, Euroconstruct still expects slight growth of 0.4% and 0.1% for the sector in 2023 and 2024, respectively, with a decline of 0.4% forecast for 2025. An end to real growth is not expected until the medium term for all areas of the construction industry.

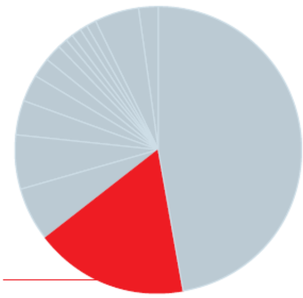
In residential construction, the volume increased only slightly by 0.2%. The sector recently benefited from the still low interest rates and the lack of investment alternatives. Repeated material bottlenecks, rising building material and energy costs, and the declining economic performance combined to inhibit growth. For the residential construction sector, Euroconstruct still expects a slight plus of 0.7% for 2023, followed by negative growth of -0.3% and -1.1% for 2024 and 2025, respectively.

Non-residential construction, which contracted by 1.7% in 2022, was increasingly affected by economic uncertainty and investment restraint on the part of businesses and the public sector, especially municipalities. In this segment, too, investment caution was exacerbated by the price increases for building materials as a result of temporary supply bottlenecks. Euroconstruct therefore sees only a slight increase of 0.4% and 0.6% for the sector in 2023 and 2024, respectively, followed by +0.4% in 2025.

The civil engineering sector recorded a slight decline of 1.0% in 2022. The long-term government investment programmes in rail and road infrastructure continue to have a positive effect. The energy sector is receiving new tailwind from investments in power plants based on renewable energies. Municipalities, on the other hand, have been holding back on road and water construction projects due to the sharp rise in construction prices. A slight minus of 0.2% is expected in civil engineering for 2023, followed by a plus of 1.0% in each of the subsequent two years.

The STRABAG Group has a market share of 2.0% of the total construction market in Germany. Its 16.9% share of the German road construction sector is significantly higher than that of the market as a whole. With € 8,346.74 million, around 47% of STRABAG's total Group output volume was generated in Germany in 2022 (2021: 46%). 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: € 51.2 billion
GDP growth: 2022e: 4.8%/2023e: 0.2%
Construction growth: 2022e: 0.2%/2023e: 0.3%

Following a strong expansion of the economy in the first half of 2022, Austria found itself in a downturn at the end of the year. Sharp increases in the global market prices for energy led to a slowdown in growth accompanied by a high inflation of 8.3%. This in turn led to a decline in real income and put a damper on private consumption. With inflation remaining high in 2023, Austria's economy is heading for stagflation for the first time since the 1970s. The GDP still managed to grow by 4.8% in 2022 but is forecast to stagnate at +0.2% in 2023. In the two following years, Euroconstruct expects only slightly higher growth rates of 1.0% and 1.1%, respectively.

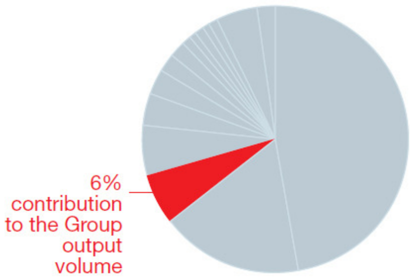
The Austrian construction industry stagnated in 2022 with only marginal growth of 0.2%. The massive increase in construction costs of around 10% significantly dampened real growth in the sector. In combination with the expected downward trend in residential construction, only a low growth rate of 0.3% is projected for 2023 as well. Despite some clear economic impetus, the years 2024 and 2025 will also see only weak development with growth rates of 0.7% and 0.8%.

After nearly a decade of a continuously rising number of building permits, residential construction ushered in an already expected downward trend in 2022 with a decline of 2.1%. Decisive factors for this development included the sharp rise in energy prices combined with the great uncertainty regarding the further development of construction costs. While new construction registered the greatest losses, renovation still showed slight growth due to environmental and energy-related factors. Overall, declines of 1.1% and 0.3% are expected for residential construction in 2023 and 2024, respectively. The trend should then turn positive again in 2025 with slight growth of 0.7%.

Non-residential construction still exhibited clearly positive growth with a plus of 2.1%. While the economic environment remained stable in the first half of 2022, strong increases in construction prices dampened the segment's development over the course of the year. Construction price increases in non-residential construction reached a level last seen in the early 1970s, when prices grew by around 16% annually. It is therefore to be expected that some planned investments will be postponed or even cancelled due to this development. For 2023, Euroconstruct therefore forecasts growth of only 0.6% for the segment; in 2024 and 2025, growth should reach 1.0% and 1.2%, respectively.
Civil engineering exhibited positive growth of 2.0% in 2022 due to strong government investment activity in sustainability terms. In recent years, the segment had primarily benefited from public-sector investments in transport infrastructure. The further expansion of the road and, in particular, the rail network will continue to be a fixed item in the Austrian budget in the years to come. Investments in a nationwide broadband network as well as in construction projects in the energy sector and in environmental protection are becoming increasingly important. Growth is expected to rise to 3.0% in 2023, followed by +2.4% in 2024 and a slowdown to +0.2% in 2025.

The STRABAG Group generated 17% of the total Group output volume in its home market of Austria in 2022 (2021: 17%). Austria thus continues to be one of the Group's top three markets along with Germany and Poland. The output reached a volume of € 2,935.19 million in 2022. This gives STRABAG a 5.7% share of the construction volume in the overall market in Austria. In road construction, the market share stands at 44.0%.

POLAND



Overall construction volume:	€ 57.9 billion
GDP growth:	2022e: 4.6% / 2023e: 1.7%
Construction growth:	2022e: 4.5% / 2023e: 0.1%

Poland's economy achieved growth of 4.6% in 2022. Sharply rising consumer demand, supply chain problems and the war in neighbouring Ukraine, however, led to a very high inflation of 13.5%. The breakdown of trade with Russia and Ukraine and the decline in demand from major trading partners also had a negative impact on export performance. The National Bank of Poland raised the key interest rate in several steps to 6.75% in 2022, significantly above the key interest rate of the European Central Bank. Euroconstruct forecasts significantly slower economic growth of 1.7% for 2023, followed in 2024 and 2025 by more optimistic rates of around +3.1%.

The Polish construction industry continued to benefit from the strong growth of the past years in 2022, achieving another solid increase of 4.5%. In addition to the booming residential construction sector, non-residential construction and civil engineering also registered solid growth. In June, the European Commission gave a positive assessment of Poland's € 35.4 billion National Recovery and Resilience Plan as part of the NextGenerationEU instrument. The implementation of this plan is expected to contribute significantly to the decarbonisation of the Polish economy while strengthening the country's energy independence. Final approval of the plan is linked to clear commitments by Poland regarding the independence of the judiciary that must be fulfilled before any actual funds can flow. Against this backdrop, Euroconstruct forecasts the Polish construction sector to stagnate at +0.1% in 2023 and grow slightly (+1.3%) in 2024, before picking up some more momentum again in 2025 with +3.7%.

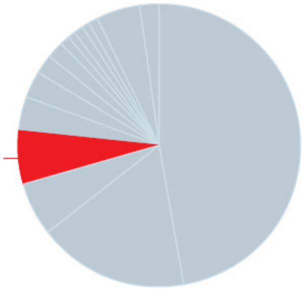
Poland's residential construction sector also benefited from the strong performance of the past few years for a plus of 6.0% in 2022. The massive increase in interest rates for housing loans had a negative impact, however. In the first three quarters of 2022, the country recorded a 44.7% decline in the number of housing loans compared to the same period of the previous year and a 40.8% decline in the overall volume of loans. In contrast, positive momentum is expected from the country's new construction legislation that came into force on 1 January 2023 with the aim of significantly simplifying and accelerating the investment and construction process. For 2023, Euroconstruct expects a clear minus of 4.2%, followed by -2.8% in 2024 before an upward trend with a plus of 3.0% takes hold in 2025.

Non-residential construction recorded a plus of 4.7% in 2022. The thriving business of online retailing led to an increased demand for warehouse space. Strong demand was seen especially in the education and health sectors, while demand for office premises, commercial buildings, restaurants, hotels as well as tourism and transport services decreased noticeably. At the same time, increased cost pressure, heightened uncertainty and stricter financing conditions prompted the first investors to postpone their construction projects. Euroconstruct still expects a slight increase of 1.1% in 2023. For the years thereafter, however, growth rates in the sector should again reach regularly solid values between +3.4% and +3.9%.

The civil engineering segment managed to grow by 3.0% in Poland in 2022. Rising public-sector spending on infrastructure projects, especially multi-year government programmes for the construction and modernisation of transportation infrastructure, is driving the development of the civil engineering sector in the country. The construction of long-distance pipelines and railway lines also showed above-average development. Euroconstruct therefore expects growth to return to +3.1% and +2.7% in 2023 and 2024, respectively, rising to +3.9% in the following year.

As the number two in the construction sector in Poland, STRABAG realised a construction volume of € 1,126.39 million here in 2021, representing 6% of the Group's total output volume (2021: 7%). Poland thus represents the third-largest market of the STRABAG Group. Its market share in the entire Polish construction market was 1.9% and its share of road construction was 10.5%.

CZECH REPUBLIC



Overall construction volume:	€ 26.3 billion
GDP growth:	2022e: 2.2% / 2023e: 1.1%
Construction growth:	2022e: 1.4% / 2023e: -1.8%

The Czech economy achieved growth of 2.2% in 2022. The Czech National Bank tried to counter the extreme rise in inflation with a strong increase in the key interest rate from 0.75% to 7.0%, which had a significant impact on the interest rates for ongoing loans and mortgages. The rising national debt was accompanied by massively increased energy prices and production declines in industry due to material shortages. Shortages were seen not only in raw materials but also in labour from Ukraine, which some sectors, including construction, are highly dependent on. If the fiscal situation stabilises, however, the coming years should bring at least slight growth. Euroconstruct forecasts growth of 1.1% in 2023, followed by +3.2% and +2.4% in the subsequent two years.

The Czech construction industry recorded a slight increase of 1.4% in 2022. The biggest challenges facing the sector are structural problems, such as the long duration of approval processes and the glaring shortage of labour. The country, which is almost exclusively dependent on imports for building materials, also had to deal with extreme price increases. Many experts, however, question to what extent these increases were due to the lack of raw materials or whether it was speculation. Euroconstruct forecasts a decline of 1.8% for the Czech construction industry in 2023, followed by a strong increase of 3.1% in 2024 and a slight slowdown to +1.9% in 2025.

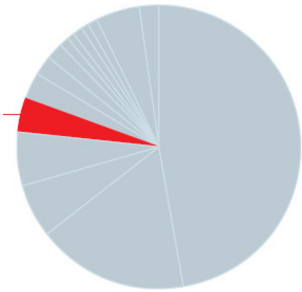
Residential construction recorded a slight decline of 0.7% in 2022, as high demand was dampened primarily by the high lending rates and high rate of inflation. The rising energy prices shifted household expenditure towards renovation works, especially thermal insulation. Against this backdrop, Euroconstruct predicts a significant decline of 3.9% for residential construction in 2023, followed by growth of 3.2% and 3.9% in 2024 and 2025, respectively.

Non-residential construction exhibited strong growth in 2022 with a plus of 5.9%. Many of the postponed private construction projects, investments in medical facilities and planned office buildings, especially in Prague and Brno, were finally realised. The higher volume of building permits issued in recent years was also reflected in this positive development. In the years to come, however, real growth is likely to slow once more due to high inflation and high energy prices, which are forcing investors to save. Euroconstruct expects an up-and-down progression in non-residential construction, with stagnant growth of 0.2% in 2023, a strong plus of 5.1% in 2024 and another slight increase of 0.6% in 2025.

Czech civil engineering showed a slight decline in 2022 with a minus of 0.1%. The government, as the largest investor, is attempting to strengthen the weakened economy through investments in transportation infrastructure and raised the funds earmarked for this purpose with the help of EU subsidies, so that only a slight decline of 0.8% is expected for 2023. Growth should then pick up again with a slight increase of 0.9% in 2024 and 0.5% in 2025.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 1,092.61 million in 2022, around 6% of the Group's total output (2021: 6%) was generated in the country. The market share in the entire construction market is 4.2% and in road construction amounts to 21.7%

HUNGARY



Overall construction volume:	€ 18.3 billion
GDP growth:	2022e: 3.0% / 2023e: 0.5%
Construction growth:	2022e: 0.7% / 2023e: -6.6%

The growth dynamic of the Hungarian economy, with a plus of 3.0%, was in line with the European average in 2022. The Hungarian central bank, projecting a crisis scenario for the coming years, has tried to decisively counteract high inflation and the persistent weakness of the national currency, but with little success. One of the largest net recipients of EU funds, the country also faces accusations of having violated key aspects of the rule of law. The European Commission has frozen billions in funding from several EU programmes on the basis of the so-called rule of law mechanism. These funds will be released if Hungary implements reforms to strengthen the independence of the judiciary, expand the fight against corruption and promote competition in public procurement. Against this background, Euroconstruct forecasts a plus of only 0.5% for 2023, followed by a more optimistic 3.5% and 3.6% for 2024 and 2025, respectively.

The Hungarian construction industry exhibited a slight increase of 0.7% in 2022. In the event of a partial agreement or no agreement on EU funds, the construction market is likely to face considerable difficulties. Should the public sector lose out on construction projects, all other players, including businesses and private individuals, will react to the supply shock by reducing their demand. As a result, Euroconstruct has further downgraded its growth forecasts – which are based on a timely agreement between the government and the EU and the associated release of subsidies. While at least residential construction and non-residential construction still recorded slight growth in 2022, Euroconstruct expects, given the aforementioned conditions, all sectors to decline sharply in 2023 and 2024 and that the entire Hungarian construction market will shrink massively by around 11% by 2024. Euroconstruct does predict that a recovery of +2.0% could set in by 2025.

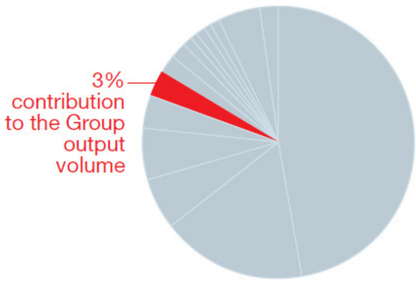
Supported by numerous government measures, residential construction was able to stabilise somewhat in 2022 with a plus of 2.5%. For 2023, Euroconstruct expects a sharp drop of 8.5% for the sector, whereby new construction, due to the decline in real wages and high inflation, could be much more affected than the renovation business. The continuing rise in inflation, driven by energy prices, means that a decline of 7.4% is also expected for residential construction in 2024. The trend should turn positive again in 2025, however, with a plus of 1.5%.

Non-residential construction was still able to grow slightly in 2022, posting a plus of 0.6%. For the development in the next few years, however, Euroconstruct is similarly cautious as with residential construction, especially as the government has temporarily suspended the start of construction on all publicly funded projects. According to an official announcement, all plans with a possible launch in 2025 are to be rescheduled. This decision affects projects in the education and health sectors in particular. For 2023 and 2024, the Euroconstruct experts forecast a massive decline of -7.4% and -5.8%, respectively; in 2025, the downward trend is expected to slow to -0.6%.

Civil engineering declined slightly by 0.7% in 2022. Assuming that Hungary manages to mend its conflict with the European Commission, the sector could recover in the next few years. Several mega-projects, two of them financed by a Chinese and a Russian loan each, are about to be implemented, but these projects are also dependent on EU funds. Based on this scenario, Euroconstruct predicts a decline of 3.7% and 0.2% in 2023 and 2024, respectively, with a solid +5.9% forecast for 2025.

The STRABAG Group generated € 687.90 million, or 4% of its output, in Hungary in 2022 (2021: 4%). This puts STRABAG in second place in the Hungarian construction market. Its share of the total market reached 3.8%, that in road construction 17.1%

UNITED KINGDOM



Overall construction volume: € 238.7 billion
GDP growth: 2022e: 4.4% / 2023e: -0.3%
Construction growth: 2022e: 2.8% / 2023e: -0.4%

With GDP growth of 4.4%, the British economy was still in a recovery phase in 2022. Massively rising energy prices, however, caused inflation to soar to its highest level in four decades this year, causing real wages to fall rapidly. The combination of high inflation and a slumping economy has already had a significant negative impact on the morale. The United Kingdom saw a wave of strikes across the country in the last quarter: in healthcare, postal services, railways, education, airports and other areas of public administration. Euroconstruct therefore projects a slight recession for the British economy in 2023, with a decline of 0.3%. In 2024 and 2025, the situation should ease somewhat with +1.0% and +1.6%, respectively.

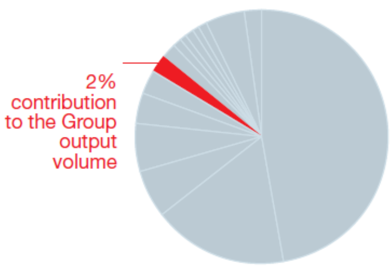
Supported by massive government initiatives, the British construction industry still managed a plus of 2.8% in 2022. In 2023, however a decline of 0.4% is expected for the sector as a whole, followed by slight growth of 1.2% in 2024 and 1.8% in 2025, respectively. Thanks to public subsidies in social housing, residential construction still recorded growth of 4.3% in 2022. For 2023, Euroconstruct predicts a decline of 1.5% for this segment before the trend turns positive again with +1.3% and +1.8% in 2024 and 2025, respectively.

Growth was also recorded in non-residential construction in 2022, with an increase of 3.8%, though the segment was not yet able to reach pre-crisis levels. The health sector as well as the industrial buildings and commercial buildings sectors performed well. Euroconstruct forecasts a slight increase of 0.5% for non-residential construction in 2023, with growth of 1.5% and 1.6% expected for 2024 and 2025, respectively.

Following the previous year's record growth of 25.6%, the British civil engineering segment suffered a decline of 2.1% in 2022. The segment was bolstered in part by the High Speed 2 railway project, which also includes STRABAG as a consortium partner. Euroconstruct forecasts only very slight growth of 0.2% and 0.3% for the segment in 2023 and 2024, respectively, before a return to stronger growth of 2.1% in 2025.

The output volume of the STRABAG Group in the United Kingdom amounted to € 578.38 million in 2022.

SLOVAKIA

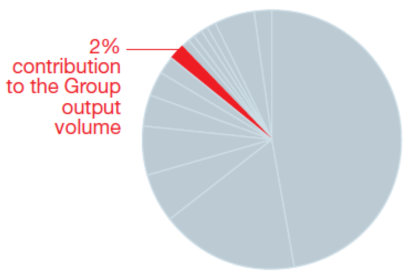


Overall construction volume: € 4.9 billion
GDP growth: 2022e: 1.9% / 2023e: 0.6%
Construction growth: 2022e: -0.1% / 2023e: 3.4%

The strongly export-oriented Slovak economy grew by 1.9% in 2022 despite increasingly severe price pressures. Especially in the second half of the year, rising business costs due to high energy prices, along with supply chain problems, led to a decline in economic strength. The high inflation of 12.4% put pressure on private consumption. The negative impact will intensify in 2023, accompanied by nominally lower incomes, although a state family package is expected to offer some support. Positive impulses are also expected from the investments of the European recovery plan as well as the utilisation of EU structural funds. The development of exports continues to depend heavily on the security of the

supply chains. For 2023, Euroconstruct expects GDP growth of 0.6%, followed by a plus of 1.7% and 2.3% in 2024 and 2025.
Construction output in Slovakia, which had already languished in previous years, declined by 0.1% in 2022. Rising prices for construction materials, labour and energy, supply chain problems, and the war in Ukraine exacerbated the already difficult situation: skilled labour was in short supply, and construction activity weakened as a whole because private and public clients were reluctant to invest. Nevertheless, Euroconstruct expects the situation to ease in the next few years, mainly due to the increased use of EU funds and various government measures. A plus of 3.4% is expected for 2023, with growth of 5.1% and 2.1% in the following two years.
Residential construction saw a slight increase of 1.7% in 2022, both for new buildings as well as for renovation and refurbishment. Due in part to the strong demand for housing in Bratislava and other larger cities, this segment will continue to recover in 2023 and 2024 with +2.6% and +4.7%, respectively. Slightly lower growth of 2.2% is then expected in 2025.
In non-residential construction, output increased by only 0.8% in the reporting year due to uncertainties in the markets and the high energy prices.
In the coming years, investments from the European recovery plan will contribute to the segment's growth. This primarily concerns the areas of education, health, offices, and historic and listed buildings. For 2023, Euroconstruct expects a plus of 2.7%, followed by +6.3% and +2.7%, respectively, for 2024 and 2025.
Construction output in civil engineering declined once again in 2022 with a minus of 2.6%. In the future, however, strong momentum is expected from public investments, especially in the road network, railway infrastructure and environmental construction. This is contrasted, on the other hand, by a lack of building materials, rising prices and inadequate project planning with lengthy public procedures. Growth of 5.0% is forecast for civil engineering in 2023, with +4.0% and +1.4% expected in the following years.
With a market share of 7.2% and an output volume of € 351.37 million in 2022, STRABAG is the leader in Slovakia. In road construction, STRABAG's share is 23.5%. In 2022, Slovakia contributed 2% to the Group's total output volume (2021: 2%).

ROMANIA



Overall construction volume: € 27.2 billion
GDP growth: 2022e: 4.6% / 2023e: 2.8%
Construction growth: 2022e: -3.4% / 2023e: -1.0%

The Romanian economy posted GDP growth of 4.6% in the reporting year. The growth rate is expected to slow down somewhat in 2023 to +2.8%, mainly due to a higher rate of inflation. In the following year, the measures taken to combat this inflation should already have had an effect and it should be possible to roll them back already as well. EECFA therefore forecasts GDP growth of 4.8% for 2024.

The Romanian construction industry (-3.4%) performed significantly weaker than the national economy in 2022. Although Romania does not maintain close trade relations with Russia, Ukraine or Belarus, the country is strongly connected to the international markets and so finds itself indirectly affected by Russia's invasion of Ukraine. For the construction industry, this means, among other things, a rapid raise in construction costs (+20.2% in the year under review) with constantly rising energy prices and a lack of building materials. This situation is exacerbated by delays in the implementation of EU programmes and – due to the country's good economic performance – less funding from the EU's recovery plan. EECFA therefore expects the construction industry to decline by 1.0% and 3.9% in 2023 and 2024, respectively.

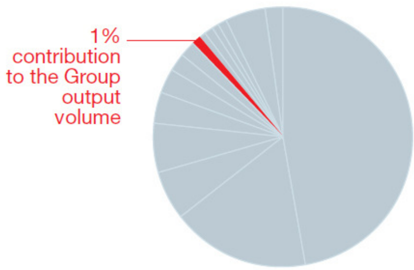
In residential construction, usually one of the most successful sectors of the Romanian construction industry, several factors contributed to slower growth in 2022. These include rising construction costs, more complicated lending standards and higher interest rates, as well as the lack of real wage growth. Residential construction therefore grew only marginally by 0.6% in the reporting year. This will be followed by a downward correction in 2023 (-3.6%) and stagnation in 2024 (0.0%).

In non-residential construction, construction output fell by 2.4% in 2022, and EECFA expects stagnation for the following two years at -0.1% and 0.0% respectively. The end of the pandemic related restrictions should have a positive impact on office, commercial, industrial and hotel construction, but higher financing and operating costs are expected to dampen growth. The health and education sector in particular grew strongly in 2022 thanks to high demand and the availability of EU funds. Increases were also seen in retail and wholesale buildings, hotels, industrial buildings and warehouses, while the office and transport construction sector presented a slowdown.

The Romanian civil engineering segment has not yet been able to fully exploit the large growth potential that would be available thanks to EU programmes and the EU recovery plan. Rising costs also weighed down on the segment. Construction output declined in all sectors in 2022, resulting in an overall minus of 10.1%. The looming deadline for the allocation of EU funds should bring new momentum in 2023 (+2.4%), especially in road construction, but also in port and airport construction. EECFA sees further positive impetus for the segment in light of the 2024 election year with parliamentary, presidential, EU and local elections. In the run-up to these elections, increased political activity is expected to exploit EU funds. A sharp downward correction (-13.4%) is forecast for Romanian civil engineering in 2024.

With an output of € 315.46 million in 2022, the STRABAG Group holds a 1.2% share in the entire Romanian construction market. In Romanian road construction, the share of the market stands 4.3%.

CROATIA



Overall construction volume: € 5.2 billion
GDP growth: 2022e: 6.0% / 2023e: 1.0%
Construction growth: 2022e: 0.4% / 2023e: 3.1%

The Croatian economy, which managed to rebound quickly from the effects of the pandemic, continued to grow significantly in 2022 (+6.0%). The tourism industry experienced an extraordinary upswing, and EU funds were utilised effectively by the government. Even if Russia's invasion of Ukraine resulted in some negative economic impacts, e.g., due to strong price increases, parts of the economy benefited from the capital flight involving wealthy citizens from Ukraine and other neighbouring countries. Croatia's entry into the Schengen and euro area at the beginning of 2023 is projected to bring significant growth impulses. The expected interest rate hike by the national bank, however, is dampening these growth prospects, so that EECFA expects GDP growth of only 1.0% and 1.7% for 2023 and 2024, respectively.

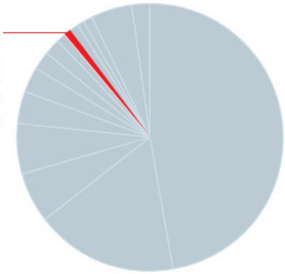
The Croatian construction industry felt the effects of Russia's war against Ukraine in 2022 in the form of cost increases and high energy prices. Buyers took advantage of real estate as a hedge against inflation, and projects ready to be financed were implemented sooner rather than later in anticipation of rising interest rates. At the same time, the construction boom that started after Croatia's independence in 1991 is gradually slowing down. Access to EU and other international funds continues to be of great importance. In the year under review, the Croatian construction industry grew by 0.4%, while a plus of 3.1% is forecast for 2023, followed by a slight minus of 0.4% in 2024.

Residential construction continued to develop positively in 2022 with +3.1%. Sharp price increases, higher interest rates and fewer buyer resources due to inflation are dampening the outlook, however. A plus of just 1.7% is forecast for 2023, followed by a decline of 3.3% in 2024. In non-residential construction, the industrial buildings and warehouses segment is proving to be the strongest segment overall. The segment as a whole grew by 3.8% in 2022, while EECFA predicts -0.5% and +0.7% for the two following years.

After a boom in the previous year, Croatia's civil engineering sector declined significantly in 2022 (-5.0%). This development had already become apparent in 2020 in the declining number of building permits. Only pipelines, communication and power line construction, as well as complex building construction on industrial sites, showed a highly positive performance. In the medium term, transport infrastructure will pick up speed again as well. The further development of civil engineering depends largely on how effectively and how quickly the government implements the EU partnership projects. For 2023 and 2024, EECFA again projects growth of 7.6% and 2.0%, respectively, for the segment.

The STRABAG Group generated € 238.26 million on the Croatian market in 2022.

SWITZERLAND



Overall construction volume:	€ 63.2 billion
GDP growth:	2022e: 2.3% / 2023e: 0.7%
Construction growth:	2022e: -1.8% / 2023e: 0.5%

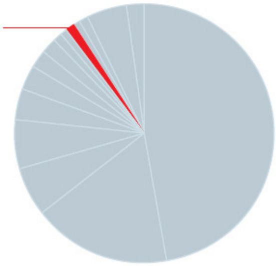
The Swiss economy proved itself robust in the reporting period, despite sharply rising energy prices, with growth of 2.3%. Positive factors included the high domestic demand (+4.0% in private consumption), low inflation (3.0%) compared to other countries, and a strong labour market. In addition, the decline in purchasing power was offset by higher nominal wages. Euroconstruct anticipates weaker growth (+0.7%) for 2023, with GDP gains of 2.1% and 1.3% forecast for each of the following years.

The Swiss construction industry recovered from the consequences of the Covid-19 crisis more slowly than expected and still recorded a minus of 1.8% in 2022. Rising prices for construction materials and energy worldwide, as well as the increasing shortage of skilled workers, weighed heavily on the sector. In the years from 2023 to 2025, construction output will gradually increase again with +0.5%, +0.9% and +1.9%. Residential construction, the strongest sector of the Swiss construction industry, has been in a cyclical downturn for several years and continued to decline by 2.6% in 2022. In the wake of the pandemic, however, demand for housing and especially home ownership is on the rise, while at the same time an ever-increasing share of the investment volume is going into renovation and modernisation. Euroconstruct expects a recovery in residential construction from 2023 onwards (+0.6%), with increases of 1.3% and 2.9% in 2024 and 2025.

Construction output in non-residential construction also fell in 2022, with a minus of 1.9% mainly due to the declines in industrial and office building construction. However, several large-volume healthcare and education construction projects will significantly stimulate the segment in 2023. Euroconstruct expects non-residential construction to grow slightly by 0.4% in 2023, with growth of 0.6% and 1.2% in the following years. In Switzerland's civil engineering sector, on the other hand, declines in road and rail infrastructure in particular led to zero growth in 2022. The segment should regain some momentum thanks to several ongoing and new transport infrastructure projects, including the capacity expansion and modernisation of the railway stations in Lausanne and Bern and the metro expansion in Geneva, as well as the final section of the A9 motorway in the canton of Valais and the northern Zurich bypass. Euroconstruct expects the Swiss civil engineering segment to grow by 0.3% in 2023, by 0.6% in 2024 and by 0.7% in 2025.

In 2022, Switzerland contributed € 196.82 million, or 1% (2021: 1%), to the total output volume of the STRABAG Group.

BENELUX (BELGIUM AND THE NETHERLANDS)



BELGIUM

Overall construction volume:	€ 52.5 billion
GDP growth:	2022e: 2.6% / 2023e: 0.5%
Construction growth:	2022e: 1.4% / 2023e: -0.1%

NETHERLANDS

Overall construction volume:	€ 101.3 billion
GDP growth:	2022e: 4.6% / 2023e: 1.5%
Construction growth:	2022e: 3.3% / 2023e: 1.2%

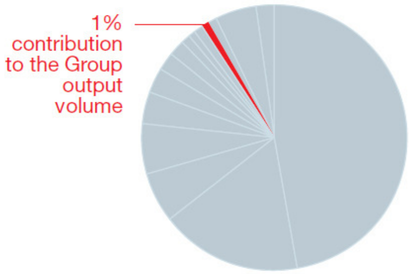
The economies of Belgium and the Netherlands recorded increased growth in 2022. Belgium's GDP grew by 2.6%, that of the Netherlands by 4.6%. Still, the impact of the war in Ukraine was felt clearly here as well, with sharply rising prices, inflation and uncertainties regarding global trade. Offsetting this are government measures to support household incomes as well as economic stimulus programmes and public investment in connection with the European recovery plan, all of which points to moderate growth in the coming years. Euroconstruct expects the GDP in Belgium and the Netherlands to grow by 0.5% and 1.5%, respectively, in 2023. In the following years, growth is projected at 1.9% and 1.2% for Belgium and 2.0% and 1.7% in the Netherlands.

After a significant recovery in the previous year, the Belgian construction industry was only able to grow slightly in 2022 with a plus of 1.4%. The strongest growth was in civil engineering with +5.1%. The necessary repair and reconstruction work after the flood disaster in the summer of 2021, as well as several important infrastructure projects such as the Oosterweelverbinding around the city of Antwerp, played a major role in this development. Due to the numerous existing or expected public sector projects, Euroconstruct forecasts solid growth of 2.6% and 2.9% for Belgium's civil engineering sector in 2023 and 2024, respectively, before a contraction of 1.8% in 2025. Residential construction also showed consistent positive growth of 2.3% in 2022. Economic stimulus and construction programmes are providing additional momentum in the renovations segment, so that residential construction will also grow by 1.6% in 2023 and by 2.2% and 0.7% in the following two years. The weakest development in the year under report was in non-residential construction, with a minus of 1.7%. Demand declined in almost all areas. The negative trend will continue in the coming years with -3.9% (2023), -0.6% (2024) and -1.1% (2025). Overall, Euroconstruct predicts stagnation for the Belgian construction industry at -0.1% in 2023, a slight increase of 1.4% in 2024 and -0.4% for 2025.

The Dutch construction industry, which had already proven to be quite stable in 2021 despite the effects of the Covid-19, continued to grow in the reporting year thanks to strong economic growth of 3.3%. Towards the end of 2022, however, increasing uncertainty in the economy, inflation and rising interest rates pointed to a slowdown of future growth. Euroconstruct therefore expects growth to fall to 1.2% for 2023 and 0.5% in each of the following two years. Good results were achieved in 2022, especially in Dutch building construction. Residential construction, for example, achieved a plus of 4.0% thanks to unabated high demand. Corresponding government measures for housing procurement will continue to strengthen the market. As a result, this segment is expected to grow between 2023 and 2025, albeit at a relatively slow pace of 2.5%, 1.9% and 1.0%, respectively. Non-residential construction proved to be the strongest market segment in the Netherlands in 2022, with a plus of 4.7% thanks to several large-scale greenhouse projects and numerous warehouses, new agricultural buildings and commercial buildings, as well as renovation and maintenance orders. For 2023, however, Euroconstruct expects growth in this segment to slow down to 0.9%, followed by a slight decline of 1.2% and 0.7% in 2024 and 2025, respectively. The Dutch civil engineering market was characterised by price increases, supply problems due to the pandemic and the Ukraine war with the associated budgetary pressure on clients. Construction output in this segment thus stagnated at +0.1% in the reporting year. For 2023, Euroconstruct expects a minus of 0.7%, followed by a plus of 0.1% and 1.1% in 2024 and 2025.

STRABAG achieved an output volume of € 176.24 million in the Benelux countries in 2022. This corresponds to a 1% share of the Group output volume (2021: 1%).

SWEDEN



Overall construction volume:	€ 61.9 billion
GDP growth:	2022e: 2.7% / 2023e: -0.1%
Construction growth:	2022e: 3.2% / 2023e: -6.6%

The Swedish economy grew by 2.7% in the year under review. Economists are seeing a clear reversal of the trend, however. Sweden is experiencing its highest inflation in 30 years, with high energy prices and rising interest rates. After a long period of low inflation, the expansionary monetary policy to stimulate the economy is now coming to an end. All of this is putting pressure on household confidence and, as a result, on consumer spending. Euroconstruct therefore expects a slight GDP minus of 0.1% for 2023 before a return to economic growth of 2.0% in 2024 and 2.5% in 2025.

The Swedish construction industry also grew in 2022, gaining 3.2% after a strong upswing the previous year. The outlook for the next two years, however, is not very optimistic. Euroconstruct predicts a decline in construction output of 6.6% for 2023, before the situation eases again in 2024 with only a slight minus of 0.4%, followed by a significant plus of 4.2% in 2025. Especially in residential construction, a clear downturn soon became apparent after strong momentum in the first quarter of the reporting period (2022: -0.5%). While the need for houses and flats in Sweden remains high, demand is falling due to the high energy prices, interest rate pressures and high inflation. In this difficult environment, renovation and maintenance activities are often being postponed to a later date as well. All of this leads Euroconstruct to expect a dramatic slump in residential construction in 2023 (-14.2%), though the market should ease back somewhat in 2024 with a slight minus of 1.9% and then pick up significantly in 2025 with +4.4%.

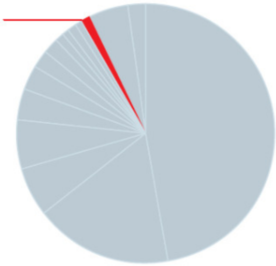
Non-residential construction proved to be very robust in 2022 with an increase of 8.6%. Industrial buildings, warehouses and logistics buildings, as well as buildings in the healthcare sector, were the main contributors to this development. Demand for modern and climate-friendly office buildings remains high despite the trend to working from home. Overall, sustainable construction is becoming increasingly important in this segment. For 2023, Euroconstruct predicts a minus of 3.2% for non-residential construction, though the development for the following years is pointing upwards again with +0.3% and +3.6%.

Sweden's civil engineering sector managed to grow slightly in 2022 with a plus of 2.5%. In most regions of the country, the need for infrastructure expansion and maintenance is high, especially in the transport sector and in water and energy utilities. A state plan for urgently needed investments in infrastructure is in place, but the experts do not believe it will hold. This is because the new Swedish government elected in September 2022 has other priorities, in part given the country's aspiration to join NATO. The civil engineering sector will also be burdened by delays, higher costs for building materials and the expected cement shortage from the middle of 2023. Euroconstruct predicts a minus of 1.7% for Swedish civil engineering in 2023, followed by a slight plus of 0.4% in 2024. In 2025, the trend will move clearly upwards again with +4.5%.

The output volume of the STRABAG Group in Sweden amounted to € 151.72 million in 2022.

SERBIA

1% contribution to the Group output volume



Overall construction volume: € 4.5 billion
GDP growth: 2022e: 2.9% / 2023e: 3.5%
Construction growth: 2022e: -8.7% / 2023e: -0.6%

Serbia's economy has flourished for the past few years thanks to public and private investment, substantial wage growth and high employment levels. In 2022, however, geopolitical events weighed heavily on the situation, leading to double-digit inflation and high energy prices, among other things. Nevertheless, the country's GDP grew by 2.9% in the year under review, and EECFA forecasts increases of 3.5% and 4.5% for the following years.

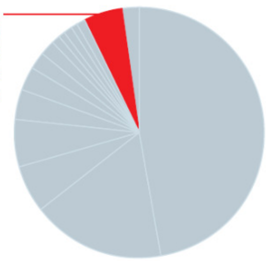
Following tremendous growth in the previous years, the Serbian construction industry suffered a slump of 8.7% in the year under report. Economic uncertainty, interrupted supply chains, rising prices for building materials and cyclical developments played a significant role in this development. EECFA still expects a slight decline in the construction industry of 0.6% in 2023 before a return to growth of 4.3% in 2024. After the extraordinary increases in previous years, output in residential construction fell by 2.7% in 2022. A minus of 3.2% is also expected for 2023, followed by a slight plus of 0.4% for 2024.

The strong decline in non-residential construction (-13.3%) in 2022 is due mainly to the end of the growth cycle. After -3.4% in 2023, a plus of 0.5% is forecast for 2024, marking the beginning of the next cycle. The focus here should be on hotel and office buildings as well as buildings in the health and education sectors. In civil engineering, the growth engine of the Serbian construction industry, output also declined by 8.3% in the reporting year. There were declines in almost all sectors, after some strong increases in the previous year. EECFA is already predicting a plus of 1.6% for civil engineering in 2023, followed by growth of 7.2% in 2024.

The STRABAG Group generated an output volume on the Serbian market of € 146.36 million in 2022.

MIDDLE EAST, AMERICAS, AFRICA, ASIA

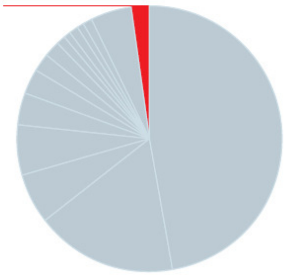
6% contribution to the Group output volume



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 2022, the STRABAG Group generated € 992.47 million, or 6% of its total output, outside Europe (2021: 5%). The activities in non-European countries are – with a few exceptions – assigned to the International + Special Divisions segment.

SLOVENIA, BULGARIA, DENMARK, ITALY, REST OF EUROPE AND RUSSIA[1]



BULGARIA

Overall construction volume:	€ 9.7 billion
GDP growth:	2022e: 3.1% / 2023e: 1.1%
Construction growth:	2022e: 4.3% / 2023e: 2.0%

DENMARK

Overall construction volume:	€ 42.6 billion
GDP growth:	2022e: 2.2% / 2023e: -0.3%
Construction growth:	2022e: -0.3% / 2023e: -1.5%

SLOVENIA

Overall construction volume:	€ 4.0 billion
GDP growth:	2022e: 5.0% / 2023e: 1.4%
Construction growth:	2022e: 2.1% / 2023e: 1.5%

ITALY

Overall construction volume:	€ 255.3 billion
GDP growth:	2022e: 3.3% / 2023e: 0.2%
Construction growth:	2022e: 12.1% / 2023e: 0.6%

Slovenia

The Slovenian economy proved to be very robust in 2022, with a plus of 5.0%. The persistent inflation, however, along with a more restrictive monetary policy with rising interest rates, is weighing on the economy. This situation is compounded by high energy prices and disrupted supply chains as a result of Russia's war against Ukraine. EECFA therefore predicts GDP growth of only 1.4% for 2023 and 2.6% for 2024.

The Slovenian construction industry grew at a slower pace than the GDP, namely by +2.1%. The growth rate is expected to decline to 1.5% in 2023 before a decline in construction output of 0.2% in 2024. Residential construction still increased slightly by 0.7% in 2022. More restrictive lending standards and higher interest rates will cause demand in the segment to decline further, however, resulting in -1.1% in 2023 and -2.0% in 2024. Non-residential construction managed to grow by 2.1% in 2022, mainly due to the large demand for buildings in the health and education sectors, including the renovation of Slovenia's largest hospital. Both EU financing as well as the national budget, which emphasises health and the environment, are enabling the realisation of long delayed projects. EECFA therefore calculates a plus of 3.4% for non-residential construction for 2023, but only +0.4% for 2024.

Slovenia's civil engineering sector performed well in 2022, gaining 3.1%, thanks to several large projects. These include the extension of the railway to Koper and several large road projects financed by the EU recovery plan. EECFA forecasts the segment to grow by 2.4% in 2023 and another 0.7% in 2024.

The STRABAG Group achieved an output volume of € 80.66 million in Slovenia in 2022.

Bulgaria

The Bulgarian economy had performed better than expected in 2021 and continued to grow in 2022 with a plus of 3.1%. Although the high inflation of 12.8% in the reporting year is expected to decline starting in 2023, the country lacks a stable government with four parliamentary elections in less than two years. Moreover, Bulgaria has an ageing society with a declining population. EECFA therefore predicts lower GDP growth of 1.1% and 2.4% for 2023 and 2024, respectively.

The situation of the Bulgarian construction industry is largely dependent on the use of EU funds. Political instability, however, is currently delaying many investments. Nevertheless, the construction industry grew by 4.3% in 2022, especially due to the strong tailwind in residential construction. This sector benefited from low interest rates and high inflation, which made investments in real estate an attractive option, contributing to growth of 10.8% in 2022. The rise in construction and labour costs, the material bottlenecks and the higher interest rates, however, will lead to lower residential construction growth already in 2023 (2.8%) and to a minus of 3.7% in 2024.

Non-residential construction recovered after the decline of the previous years and reached a plus of 3.3% in 2022, with +1.4% and -0.6% expected for 2023 and 2024, respectively. Growth was particularly strong in the industrial buildings and warehouses sector. The Bulgarian civil

1 STRABAG is in the process of winding up its activities in Russia.

engineering segment grew by just 1.0% in 2022, with EECFA predicting growth of 1.8% and 3.1% for each of the following two years. This development will depend to a large degree on how quickly the EU funds can be utilised. Overall, growth of 2.0% and 0.2% is forecast for the Bulgarian construction industry for 2023 and 2024, respectively.

The STRABAG Group generated € 67.84 million on the Bulgarian market in 2022.

Denmark

The Danish economy showed itself to be stable and in consistently good shape at the beginning of 2022. The situation only became bleaker with the outbreak of the war in Ukraine in February. Despite the increasing inflation, however, coupled with rising interest rates, high energy prices and many additional uncertainties challenging politicians and the population, the GDP continued to grow with a plus of 2.2% in 2022. Euroconstruct forecasts a slight downturn for 2023 (-0.3%) but expects the GDP to return to growth in the following years, with +1.1% and +2.6% in 2024 and 2025, respectively.

After two years of strong growth, the Danish construction industry posted a slight decline of 0.3% in the reporting year. Euroconstruct expects another minus of 1.5% and 0.2% for 2023 and 2024, respectively, followed by a plus of 1.3% in 2025. Uncertainties existed at the time of the forecast with regard to the policies of the new government, which was elected in November 2022. This concerns the expansion of infrastructure as well as the future taxation of residential property.

Danish residential construction declined significantly in 2022 (-1.0%) after two boom years with double-digit growth rates. This trend will continue in 2023 and 2024 (with -3.9% and -1.7%, respectively), partly due to inflation, rising interest rates and higher construction costs. Residential construction should then pick up again in 2025 with slight growth of 1.4%. The mild growth in non-residential construction (2022: +0.4%) is largely due to the construction of educational and healthcare buildings as well as warehouses, while demand for office buildings has declined. The sector will continue to grow by only 0.5%, 0.9% and 1.1% in 2023 and the following years. Denmark's civil engineering sector showed a similar trend, with growth of 0.6% in the period under review. Growth of 1.4% and 1.7% is expected for 2023 and 2024, respectively, with a plus of 1.4% in 2025. Driving this development is, among other things, transportation infrastructure and wind power projects as well as the expansion of district heating.

The output volume of the STRABAG Group in Denmark amounted to € 61.49 million in 2022.

Italy

The Italian economy, which had managed to recover quickly from the Covid-19 fallout, continued to grow in 2022 with a plus of 3.3%. However, the outlook is being significantly clouded by the war in Ukraine, supply bottlenecks, rising prices, especially for construction materials, and the energy supply crisis. The strong dependence of Italian production companies on Russian gas is having a negative impact. The purchasing power of households is also declining. Euroconstruct therefore predicts only weak growth of 0.2% for the Italian economy in 2023, followed by a plus of 1.5% and 1.3%, respectively, for the following years.

The construction industry performed far better than the GDP, with growth of 12.1% in the reporting year. A significant part of this was due to residential construction, which, after a record result in 2021, was also able to generate a plus of 22.5% in 2022. A decisive factor here is the government's temporary "super bonus" with highly attractive tax breaks for the energetic, ecological and safety-related modernisation of residential buildings.

Once this boom is over, Euroconstruct expects a sharp decline for Italian residential construction in the following years (2023: -6.0%, 2024: -15.6%), followed by a less pronounced decline of -1.3% in 2025.

Non-residential construction recorded only a small increase of 1.3% in 2022. Publicly financed projects such as education and healthcare buildings should provide significant momentum as early as 2023. The modernisation of office buildings and the redevelopment of large urban areas will also have a positive impact. Euroconstruct expects non-residential construction to increase by 3.6% in 2023, with +5.2% in 2024 and +1.1% in 2025.

The energy crisis, rising material prices, and material and labour shortages interrupted the strong upward curve in Italian civil engineering in 2022 (-1.3%). The implementation of the National Recovery and Resilience Plan (NRRP in Italian) also proved to be highly complex. The EU-funded plan, however, is expected to provide powerful stimuli for the segment in the years to come. This applies in particular to the railways (+40.6%) and telecommunications (e.g., national ultra-broadband project) as well as renewable energy. The strong civil engineering growth of 17.9% forecast as a result in 2023 will continue more moderately in 2024 and 2025, with +5.4% and +5.7%, respectively. In view of the very different outlooks in the individual segments, Euroconstruct calculates a slight increase of 0.6% for the Italian construction industry as a whole in 2023, followed by a minus of 6.0% in 2024 and a slight plus of 1.0% again in 2025.

The output volume of the STRABAG Group in Italy amounted to € 20.59 million in 2022.

Russia

The STRABAG Group still generated an output volume of € 58.85 million in Russia in 2022. 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 the country.

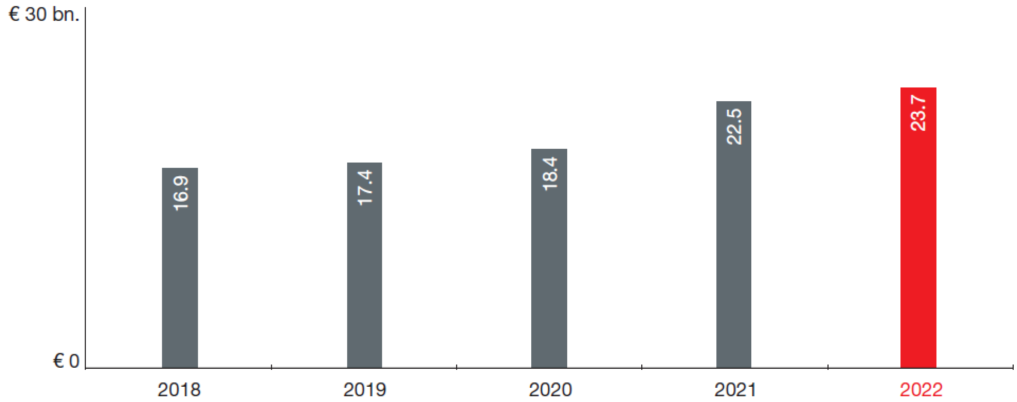
Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2022

€ mln.	Total 2022	North + West	South + East	International + Special Divisions	Other	Total 2021	▲ Total %	▲ Total absolute
Germany	11,154	9,815	211	1,116	12	10,724	4	430
Austria	2,992	73	2,535	384	0	2,663	12	329
United Kingdom	2,216	18	0	2,198	0	2,209	0	7
Poland	1,634	1,599	2	33	0	1,628	0	6
Czech Republic	993	0	973	14	6	930	7	63
Americas	883	0	0	883	0	815	8	68
Hungary	719	0	707	11	1	711	1	8
Romania	567	7	549	11	0	248	129	319
Croatia	408	0	408	0	0	242	69	166
Italy	374	0	9	365	0	61	513	313
Slovakia	320	0	302	18	0	290	10	30
Middle East	256	1	13	242	0	368	-30	-112
Asia	253	0	10	243	0	272	-7	-19
Benelux	220	209	0	11	0	232	-5	-12
Rest of Europe	184	11	172	1	0	173	6	11
Switzerland	101	0	98	3	0	102	-1	-1
Sweden	98	93	0	5	0	119	-18	-21
Slovenia	95	0	95	0	0	56	70	39
Russia[1]	86	0	85	1	0	122	-30	-36
Africa	72	0	55	17	0	107	-33	-35
Serbia	67	0	67	0	0	93	-28	-26
Bulgaria	31	0	30	1	0	178	-83	-147
Denmark	16	16	0	0	0	158	-90	-142
Total	**23,739**	**11,842**	**6,321**	**5,557**	**19**	**22,501**	**6**	**1,238**

1 STRABAG is in the process of winding up its activities in Russia.

DEVELOPMENT OF ORDER BACKLOG



Despite rising construction costs and the accelerated interest rate turnaround, the order backlog as at 31 December 2022 increased by 6% year-on-year to € 23,738.84 million, which is only slightly below the previous record level from the end of the first six months of 2022. Projects were successfully acquired in our home markets of Germany and Austria in particular, but also in Romania, Italy and Croatia. The order backlog declined in Bulgaria, Denmark and the Middle East.

The additions to the order books in Germany and Austria include the Grünblick sustainable housing project with 340 units in Vienna, the construction of the headquarters of Volksbank Raiffeisenbank Bayern Mitte in Ingolstadt and the upgrade of the Berlin–Köpenick railway station. The company was also awarded a contract in Croatia for the modernisation of the railway line between Zagreb and Rijeka and, in Romania, for the expansion of the A3 motorway over a length of 15.7 km. Contracts worth around € 283 million were acquired in Chile, enabling STRABAG to further expand its strong market position in the mining business in the region.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2022[1]

Category	Number of construction sites	Number of construction as % of total	Order backlog € mln[1]	Order backlog as % of total
Small orders (€ 0–1 mln.)	9,866	78	1,926	8
Medium-sized orders (€ 1–15 mln.)	2,230	18	4,179	18
Large orders (€ 15–50 mln.)	361	3	5,051	21
Very large orders (>€ 50 mln.)	154	1	12,583	53
Total	**12,611**	**100**	**23,739**	**100**

The total order backlog is comprised of 12,611 individual projects. More than 9,800 of these, or 78%, involve small orders with a volume of up to € 1 million each; the remaining proportion of 22% covers medium-sized to very large orders with contract volumes of € 1 million and up. A total of merely 154 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 2022 added up to 21% of the order backlog.

1 Rounding differences are possible.

SELECTED LARGE PROJECTS IN THE ORDER BACKLOG AS AT 31 DECEMBER 2022

Country	Project	Order backlog € mln.[1]	as % of total Group order backlog
United Kingdom	HS2 high-speed rail line	1,420	6.0
United Kingdom	Woodsmith Project	723	3.1
Germany	US hospital, Weilerbach	703	3.0
Germany	Central Business Tower	432	1.8
Canada	Scarborough Subway Extension Line 2	346	1.5
Germany	Stuttgart 21, underground railway station	337	1.4
Croatia	Railway line Leskovac–Karlovac	254	1.1
Germany	PPP A49 motorway	220	0.9
Czech Republic	D1 Říkovice–Přerov	185	0.8
Germany	A1 Lohne–Bramsche	160	0.7
Total		**4,780**	**20.3**

Financial performance

The consolidated **group revenue** for the 2022 financial year amounted to € 17,025.85 million. As with the output volume, this corresponds to a plus of 11%. The ratio of revenue to output increased slightly year-on-year from 95% to 96%. The operating segments North + West contributed 47%, South + East 32% and International + Special Divisions 21% to the revenue.

The **changes in inventories** mainly involve real estate project developments. The business continued to be actively pursued. The disposals resulted mainly from successful sales and were almost entirely offset by existing and new project developments. The **own work capitalised** increased slightly from a low basis due to the realisation of several new corporate locations. The total of **expenses for construction materials, consumables and services used** and the **employee**, expressed in relation to the revenue, grew from 87% to 89%.

EXPENSES

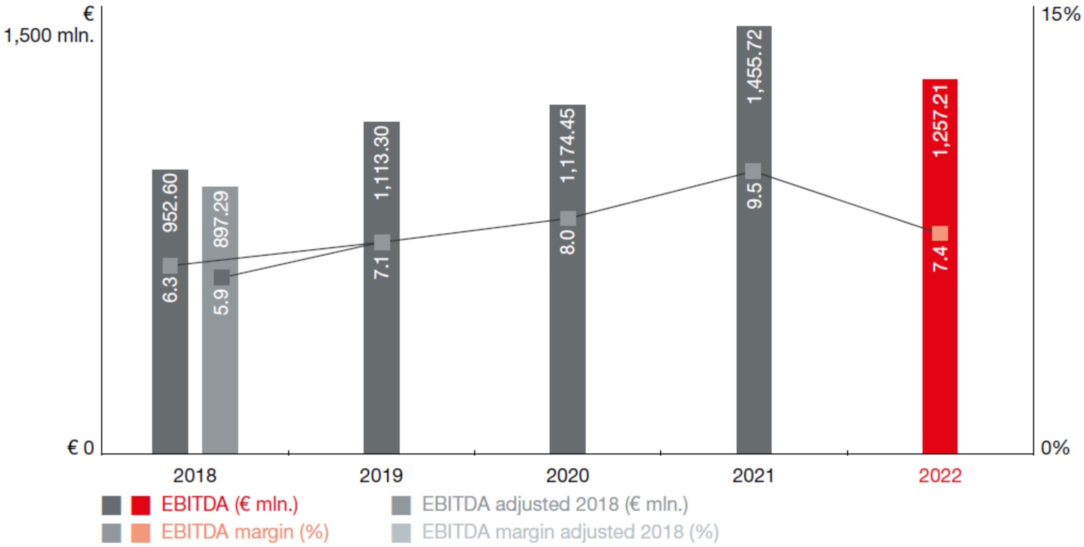
€ mln.	2022	2021	▲ %
Construction materials, consumables and services used	10,988.65	9,415.08	17
Employee benefits expense	4,133.73	3,843.58	8
Other operating expenses	1,013.28	823.82	23
Depreciation and amortisation expense	550.81	549.61	0

Following a significant increase in 2021, lower earnings from joint ventures and consortia in the reporting period in particular led to a reduction in **earnings from equity-accounted investments** to € 60.89 million. The **net income from investments**, which comprises the dividends and expenses of many smaller companies or financial investments, increased compared with the previous year.

In total, the **earnings before interest, taxes, depreciation and amortisation (EBITDA)** decreased by 13%, although, at € 1,257.21 million, this figure was still well above the € 1.0 billion mark for the fourth year in a row. The EBITDA margin decreased accordingly from 9.5% to 7.4%. The **depreciation and amortisation expense** amounted to € 550.81 million (+0.2%), roughly on a par with the previous year.

1 Rounding differences are possible.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN[1]



Effective tax rate: 33.0%

Following exceptionally high **earnings before interest and taxes (EBIT)** in the previous year, characterised by numerous positive earnings influences in all segments, normalisation set in during 2022 as expected. Nevertheless, the EBIT of € 706.40 million was the second highest in the Group's history. The EBIT margin amounted 4.2% (2021: 5.9%), in line with the goal of achieving at least 4% on a sustainable basis starting from 2022.

Earnings per share: € 4.60

The **net interest income** was positive, at € 10.67 million, compared to € -12.57 million in the previous year, mainly due to the increased interest income. The exchange rate result included in this figure also turned positive in 2022 at € 3.20 million, after reporting € -3.88 million in the previous year.

On balance, the **earnings before taxes** stood at € 717.07 million. The income tax rate, at 33.0%, was slightly higher than in the previous year. The **net income** amounted to € 480.13 million compared to € 596.40 million in 2021.

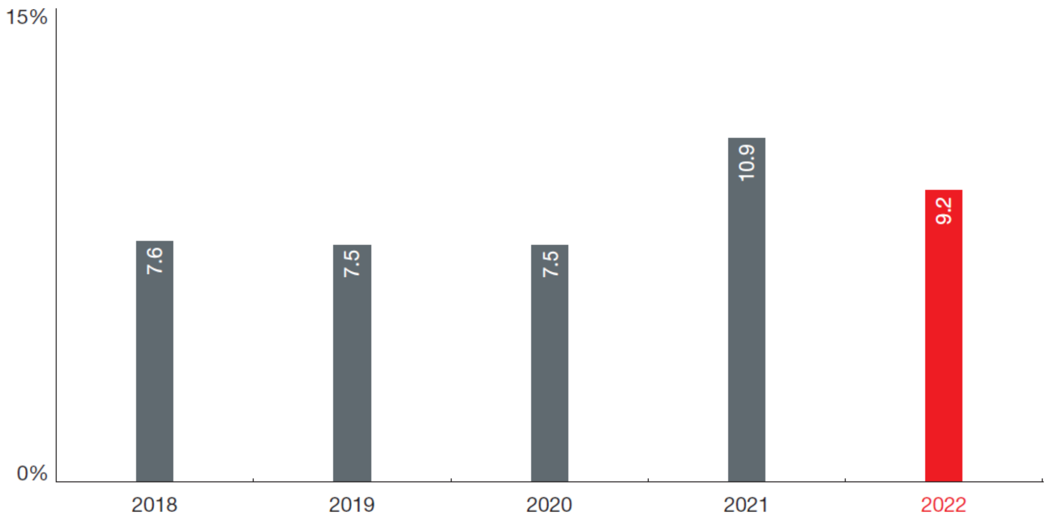
The earnings owed to minority shareholders amounted to € 7.68 million after € 10.69 million in the previous year. The **net income after minorities** – due to the exceptionally positive earnings effects in the previous year – was 19.3% lower in 2022, although with € 472.45 million it still posted the second-highest figure since the establishment of STRABAG SE. The earnings per share amounted to € 4.60 (2021: € 5.71).

The **return on capital employed** (ROCE)[2] came in at 9.2% after 10.9% in the previous year, well above the multi-year average.

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.	31.12.2022	% of balance sheet total[1]	31.12.2021	% of balance sheet total[1]
Non-current assets	5,292.10	42	4,989.56	41
Current assets	7,391.66	58	7,236.21	59
Equity	4,025.24	32	4,071.82	33
Non-current liabilities	2,193.76	17	2,146.39	18
Current liabilities	6,464.76	51	6,007.56	49
Total	**12,683.76**	**100**	**12,225.77**	**100**

The total of assets and liabilities increased year-on-year from € 12.2 billion to € 12.7 billion. An increase in property, plant and equipment – including the addition of real estate in Stuttgart for the expansion of the corporate location there – and in inventories as well as an output-related increase in trade receivables were offset by a decrease in cash and cash equivalents. The equity declined slightly, although it remained above the € 4 billion mark at € 4,025.24 million. This decrease results in particular from the fact that the buyback obligation for own shares, which existed as at 31 December 2022 due the anticipatory mandatory offer underway at the time and which amounted to a maximum of 10% of the share capital (€ 399.52 million), had to be deducted directly from retained earnings. As only 2.7% of own shares were ultimately purchased, the difference of € 291.31 million will have to be transferred to retained earnings in 2023. As a result, the **equity ratio** decreased at a high level from 33.3% to 31.7% in 2022.

KEY BALANCE SHEET FIGURES

	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022
Equity ratio (%)	31.6	31.5	33.9	33.3	31.7
Net debt (€ mln.)	-1,218.28	-1,143.53	-1,747.23	-1,937.18	-1,927.70
Gearing ratio (%)	-33.3	-29.7	-42.5	-47.6	-47.9
Capital employed (€ mln.)	5,552.09	5,838.71	5,815.14	5,750.63	5,407.37

1 Rounding differences are possible.

Net cash position remains at € 1.9 billion

A net cash position was reported as usual on 31 December 2022. At € 1.9 billion, this figure remained unchanged year-on-year.

The lower cash and cash equivalents were offset by a reduction in financial liabilities as a result of the bond repayment in the amount of € 200 million

CALCULATION OF NET DEBT[1]

€ mln.	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022
Financial liabilities	1,363.33	1,422.21	1,156.01	1,193.62	957.20
Severance provisions	114.68	124.68	122.55	108.36	91.38
Pension provisions	420.31	435.92	428.36	376.83	333.55
Non-recourse debt	-730.77	-665.53	-597.20	-652.74	-607.97
Cash and cash equivalents	-2,385.83	-2,460.81	-2,856.95	-2,963.25	-2,701.85
Total	**-1,218.28**	**-1,143.53**	**-1,747.23**	**-1,937.18**	**-1,927.70**

The **cash flow from operating activities** decreased as a result of lower cash flow from earnings and a noticeable increase in working capital from € 1,220.56 million to € 812.86 million compared with the same period of the previous year. In view of the rising interest rates, a significant reduction in advance payments and an associated increase in working capital, which had already begun in 2022, can be expected in the coming reporting periods.

The **cash flow from investing activities** was more negative, as expected, in particular due to higher investments in intangible assets and property, plant and equipment, including the expansion of the Stuttgart location. The **cash flow from financing activities** amounted to € -503.66 million, compared with € -743.90 million in the previous year. The reduction in the dividend payment – following a special dividend in the previous year – more than compensated for the repayment of the bond in the amount of € 200 million.

REPORT ON OWN SHARES

The company held no own shares as at 31 December 2022.

Capital expenditures

STRABAG had forecast net investments (cash flow from investing activities) of up to € 550 million for the 2022 financial year. In the end, they amounted to € 560.42 million.

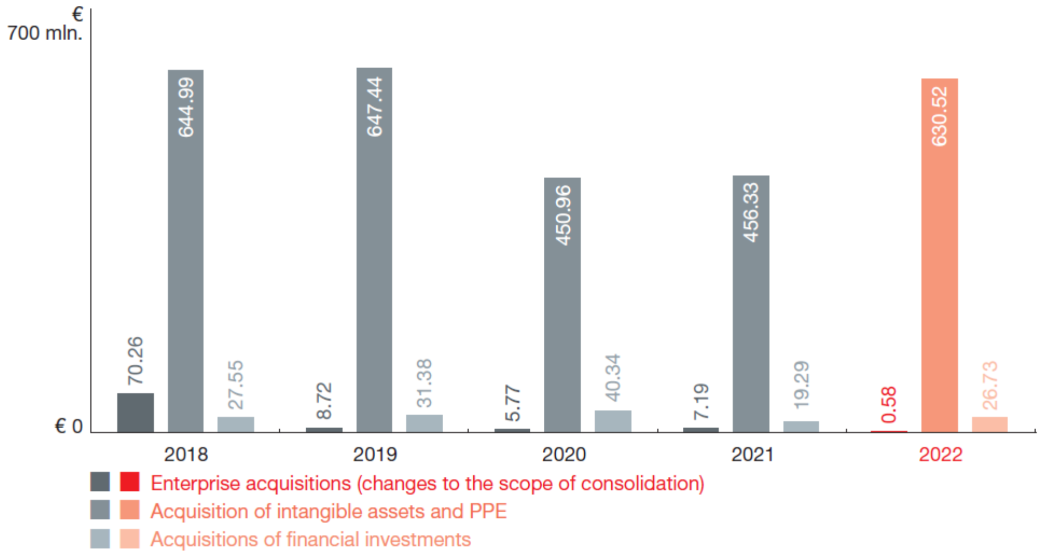
The gross investments (CapEx) before subtraction of proceeds from asset disposals stood at € 657.83 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** not including the non-cash additions to right-of-use assets of € 630.52 million, the **purchase of financial assets** in the amount of € 26.73 million and € 0.58 million from changes to the scope of consolidation.

Particularly significant investments include the maintenance expenditures at our permanent establishments in the core markets of Germany, Austria and the Czech Republic as well as the additional investments in rail construction in several different countries. In addition, substantial investments were made as part of large-scale projects in a production plant for tunnel segments in the UK and in equipment technology in the mining sector in Chile.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against the depreciation and amortisation expense in the amount of € 550.81 million. At € 6.70 million, goodwill impairment was slightly higher than the previous year's value of € 5.67 million.

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.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2018	2019	2020	2021	2022
Interest and other income (€ mln.)	38.62	30.97	27.89	26.96	50.74
Interest and other expense (€ mln.)	-66.05	-56.32	-48.49	-39.53	-40.07
EBIT/net interest income (x)	-20.4	-23.8	-30.6	-71.3	66.2
Net debt/EBITDA (x)	-1.3	-1.0	-1.5	-1.3	-1.5

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, advance 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** when needed. 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 repaid in 2022. No bonds were on the market at the end of 2022.

The existing liquidity of € 2.7 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 se cures 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 August 2022. 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 OBLIGATIONS

€ mln.	**Book value 31.12.2022**	**Book value 31.12.2021**
Bonds	0	200.00
Bank borrowings	624.76	687.76
Lease liabilities	332.44	305.85
Total	**957.20**	**1,193.61**

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 significantly compared with the previous year, growing by € 12.78 million from € 70.59 million in 2021 to € 83.37 million in 2022. This development is attributable to the pass-through of higher insurance premiums and an increase in intra-group allocations.

	2022	2021
Revenue in T€ (sales)	83,374	70,589
Earnings before interest and taxes in T€ (EBIT)	261,851	576,745
Return on sales in % (ROS)[1]	>100.0	>100.0
Return on equity in % (ROE)[2]	8.9	19.0
Return on investment in % (ROI)[3]	8.0	17.2

The earnings before interest and taxes (EBIT) decreased by € 314.90 million compared to the previous year, falling from € 576.75 million to € 261.85 million. This decrease was attributable exclusively to the investment income, which was at a lower level in 2022 than the extraordinarily high income from investments in the year before.

The operating earnings for the 2022 financial year remained stable, coming to rest at € 17.20 million compared to € 16.92 million in the previous year.

The decrease in financial earnings by € 315.52 million from € 564.16 million to € 248.64 million resulted from the sharp drop in profit transfers from subsidiaries. In contrast, a positive impact on earnings resulted from the lower expenses for financial assets compared to the previous year.

Net interest income showed a positive interest balance of € 3.98 million (2021: € 4.33 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 € 259.62 million for the 2022 financial year (2021: € 578.33 million).

The change in earnings is also reflected in the profitability indicators.

FINANCIAL POSITION AND CASH FLOWS

The total assets of STRABAG SE decreased slightly to € 3.2 billion in 2022 compared to the previous year's value (€ 3.3 billion). Worth mentioning is the decrease in receivables from subsidiaries due to reduced profit transfers and the repayment-related decrease in bond liabilities. A significant increase was recorded in other liabilities due to the commitment to buy back own shares and the sanction-related withholding of dividends to MKAO "Rasperia Trading Limited".

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

	2022	2021
Net debt in T€[1]	203,472	267,736
Working capital in T€[2]	236,976	307,411
Equity ratio in %	92.6	90.4
Gearing ratio in %[3]	6.8	9.0

The net debt as at 31 December 2022 amounts to € 203.47 million and is significantly lower than the previous year's value (€ 267.74 million). This development results from the reduction of interest-bearing borrowings due to the repayment of the bond mentioned above. As the equity capital remained almost unchanged compared to the previous year, the gearing ratio of net debt to equity improved from 9.0% in the previous year to 6.8% in the year under review.

The working capital was also significantly lower, decreasing by € 70.43 million from € 307.41 million in 2021 to € 236.98 million in 2022. This decline was essentially based on the aforementioned reduction in receivables from profit transfers.

Due to the reduced total assets, the equity ratio increased to 92.6% compared to the previous year's 90.4% and remains at a very high level.

T€	2022	2021
Cash flow from operating activities	342,725	308,476
Cash flow from investing activities	-7,265	2,599
Cash flow from financing activities	-339,569	-682,253

The cash flow from operating activities of € 342.73 million is largely attributable to the cash flow from earnings. The decrease of the working capital also had a positive impact.

The cash flow from investing activities saw an inflow of € 10.12 million in cash and cash equivalents from the repayment of financing receivables in the reporting year. This is contrasted by the use of cash for additions to financial assets amounting to € 17.39 million. In total, the cash flow from investing activities amounts to € -7.27 million.

The build-up of liabilities from cash clearing resulted in a cash inflow of € 24.31 million in the cash flow from financing activities. After payment of the dividend for the 2021 financial year in the amount of € 163.88 million (the dividend attributable to the shares held by MKAO "Rasperia Trading Limited" was withheld due to the sanctions imposed on Oleg Deripaska) and the bond repayment in the amount of € 200.00 million, the result was a total cash outflow of € 339.57 million in the cash flow from financing activities in 2022.

REPORT ON OWN SHARES

The company held no own shares at the reporting date. By 31 December 2022, however, 1,694,816 STRABAG shares had been tendered for sale in the mandatory bid, which is why these shares are already to be presented as own shares in the annual financial statements.

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 2022, 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 2022, the segments were comprised as follows[1]:

NORTH + WEST
Management Board responsibility[2]: Alfred Watzl
Germany, Poland, Benelux, Scandinavia, Ground Engineering

Switzerland was added to the North + West segment with effect from 1 January 2023. As of 1 January 2023, Poland will be reported in the South + East segment.

SOUTH + EAST
Management Board responsibility[2]: Alfred Watzl[3]
Austria, Czech Republic, Slovakia, Hungary, South-East Europe, Switzerland, Environmental Technology

Poland was added to the South + East segment with effect from 1 January 2023. As of 1 January 2023, Switzerland will be reported in the North + West segment.

Management Board responsibility[2]: Klemens Haselsteiner
Winding up Russia

INTERNATIONAL + SPECIAL DIVISIONS
Management Board responsibility[2]: Siegfried Wanker
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
Management Board responsibility[2]: 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.

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.

2 Situation as at 31 December 2022

3 Peter Krammer resigned from the Management Board effective 12 June 2022. Alfred Watzl took over the South + East segment on an interim basis from 13 June to 31 December 2022.

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			✓

SEGMENT NORTH + WEST: HIGH EBIT MARGIN MAINTAINED

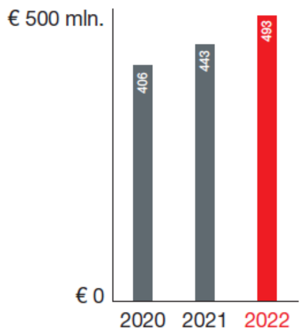
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment. Switzerland was added to the North + West segment with effect from 1 January 2023. As of 1 January 2023, Poland will be reported in the South + East segment.

€ mln.	2022	2021	▲ 2021-2022 %	▲ 2021-2022 absolute
Output volume	8,690.69	7,902.46	10	788
Revenue	8,032.71	7,317.95	10	715
Order backlog	11,841.89	11,628.13	2	214
EBIT	492.89	443.03	11	50
EBIT margin (% of revenue)	6.1	6.1		
Employees (FTE)	25,693	25,430	1	263

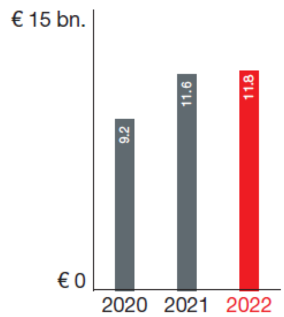
OUTPUT VOLUME NORTH + WEST

€ mln.	2022	2021	▲ 2021-2022 %	▲ 2021-2022 absolute
Germany	7,206	6,360	13	846
Poland	1,017	1,036	-2	-19
Benelux	143	218	-34	-75
Sweden	121	101	20	20
Denmark	56	90	-38	-34
Austria	50	24	108	26
United Kingdom	48	26	85	22
Romania	26	21	24	5
Rest of Europe	18	15	20	3
Hungary	5	9	-44	-4
Middle East	1	1	0	0
Switzerland	0	1	-100	-1
Total	**8,691**	**7,902**	**10**	**789**

EBIT



ORDER BACKLOG



Strong output growth in Germany

The North + West segment recorded a 10% year-on-year increase in output volume to € 8,690.69 million in 2022. This was attributable in particular to the home market of Germany, both in building construction & civil engineering and in transportation infrastructures, and to a lesser extent to the Swedish market. This growth was contrasted by declines in Poland, the Benelux countries and Denmark.

The revenue increased by 10% to € 8,032.71 million. Starting from a high level in the previous year, earnings before interest and taxes (EBIT) also grew by 11% to € 492.89 million, maintaining the very good EBIT margin of 6.1%. Earnings improvements were seen in the German building construction and civil engineering business, among others.

Order backlog expands slightly at a high level

The already high order backlog was expanded by 2% to € 11,841.89 million as at 31 December 2022, mainly due to growth in the home market of Germany. Notable additions to the order backlog in Germany include the construction of the corporate headquarters of Volksbank Raiffeisenbank Bayern Mitte in Ingolstadt and the expansion of Berlin-Köpenick railway station for regional traffic. An increase in the order backlog was also recorded in Poland. Here, STRABAG will continue to upgrade the S19 expressway in two sections.

Slight increase in number of employees

The number of employees in the entire North + West segment increased by 1% to 25,693 FTEs. The increase in the home market of Germany more than compensated for the declines in Poland, Denmark, the Benelux countries and Sweden.

Outlook: Slightly lower output expected

In view of the high order backlog, only a slight decline in output is expected in the North + West segment for 2023 despite the challenging business environment.

In the **German building construction** sector, material and energy prices are showing signs of normalising at a high level. Despite the higher prices, projects are still being brought to market. As a consequence of the interest rate turnaround, however, there is a noticeable shift from the private to the public sector.

A high order backlog is also reported in the **transportation infrastructures** business. This allows for a very selective approach to bidding. At the same time, output is expected to remain at a similarly high level as in the previous year.

Intense cut-throat competition prevails in the **Benelux** countries and in **Scandinavia**. The focus will remain as planned on stabilisation and consolidation as well as on the completion of large projects and selective bidding. The strategic and organisational changes introduced in **Switzerland** in the past are beginning to show positive results. The Group will continue to pursue and expand this successfully chosen path in the future.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog in € mln.	As % of total Group order backlog
Germany	US hospital, Weilerbach	703	3.0
Germany	Central Business Tower	432	1.8
Germany	Stuttgart 21, underground railway station	336	1.4
Germany	PPP A49 motorway	220	0.9
Germany	A1 Lohne–Bramsche	160	0.7

SEGMENT SOUTH + EAST: ORDER BACKLOG ABOVE GROUP AVERAGE

The geographic focus of the South + East segment is on Austria, the Czech Republic, Slovakia, Hungary, South-East Europe and Switzerland. The environmental technology activities are also handled within this segment. Poland was added to the South + East segment with effect from 1 January 2023. As of 1 January 2023, Switzerland will be reported in the North + West segment.

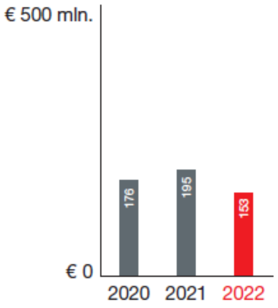
€ mln.	2022	2021	▲ 2021-2022 %	▲ 2021 -2022 absolute
Output volume	5,461.54	4,930.38	11	531
Revenue	5,495.54	4,924.60	12	571
Order backlog	6,320.72	5,596.97	13	724
EBIT	153.39	194.93	-21	-42
EBIT margin (% of revenue)	2.8	4.0		
Employees (FTE)	20,625	20,685	0	-60

OUTPUT VOLUME SOUTH + EAST

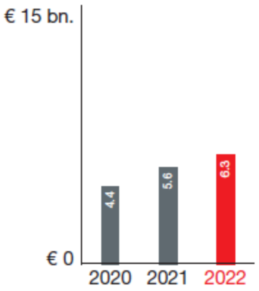
€ mln.	2022	2021	▲ 2021-2022 %	▲ 2021-2022 absolute
Austria	2,474	2,206	12	268
Czech Republic	895	782	14	113
Hungary	531	503	6	28
Slovakia	298	243	23	55
Romania	231	202	14	29
Croatia	220	162	36	58
Switzerland	193	186	4	7
Germany	184	152	21	32
Serbia	143	150	-5	-7
Rest of Europe	84	110	-24	-26
Russia[1]	70	43	63	27
Slovenia	66	94	-30	-28
Bulgaria	43	68	-37	-25
Italy	10	6	67	4
Africa	9	7	29	2
Poland	5	3	67	2
Asia	4	8	-50	-4
Middle East	1	4	-75	-3
Benelux	0	1	-100	-1
Total	**5,461**	**4,930**	**11**	**531**

1 STRABAG is in the process of winding up its activities in Russia.

EBIT



ORDER BACKLOG



Significantly higher output in Austria and the Czech Republic

The output volume in the South + East segment increased significantly by 11% to € 5,461.54 million in the past 2022 financial year. The largest increase in absolute terms was generated in our home market of Austria, followed by the Czech Republic and Croatia. With a few exceptions, including Bulgaria, the remaining countries of Central and Eastern Europe also recorded increases in output across the board.

The revenue increased by 12%, at a slightly higher rate than the output volume, to € 5,495.54 million. Due to provisions and as a result of strong cost inflation in Southern and Eastern Europe, the EBIT decreased to € 153.39 million, compared to € 194.93 million in 2021.

Order backlog: positive growth momentum continues

At € 6,320.72 million, the order backlog as at 31 December 2022 was 13% higher than on the previous year's reporting date. The largest additions to the order books were generated in Romania, Austria and Croatia. These include the expansion of the Romanian A3 motorway, the construction of the sustainable residential project Grünblick with 340 apartments in Vienna and the modernisation of the railway line between Zagreb and Rijeka. With the exception of Bulgaria and Serbia, the order backlog also increased in the other markets. The order volume in Switzerland remained virtually stable, while that in Russia decreased significantly as a result of STRABAG's ongoing exit from the market there.

Employees numbers remained constant

The number of employees remained virtually constant year-on-year at 20,625 FTEs. In line with the higher output volume, the number of employees increased mainly in Austria and in Hungary. Declines were recorded in Bulgaria and Slovakia in particular.

Outlook: Mixed trends

Stable year-on-year performance is expected in the South + East segment for the 2023 full year.

Thanks to the good order backlog, another solid output can be expected in **Austria** in 2023, both in building construction and in transportation infrastructures. In view of the significantly higher construction costs and interest rates, however, demand for residential construction can be expected to decline in the future. It should be possible to partially compensate for this with special buildings, for example in the health, sports and education sectors. The increasing stabilisation of energy and subcontractor prices at a high level should have a positive effect on the earnings development.

The **Polish economy** is strongly affected by the fallout from the Russian invasion of Ukraine. The country is also dealing with a comparatively high rate of inflation. Sharply increased energy and commodity prices as well as rising interest rates are impacting the entire economy, including the construction and real estate sectors. The European Commission's decision to withhold structural funds from Poland is delaying planned investments, especially in railway construction and in the energy and environmental sectors. Despite agreed price escalation clauses with public sector clients, it must be assumed that the massive increase in input costs cannot be fully compensated.

The **Hungarian economy** is suffering greatly as a result of the high inflation, the weakness of the forint and the frozen funds from several EU programmes. These factors are significantly reducing the country's construction output, especially in the infrastructure sector. Large-scale projects, such as the railway construction between Budapest and Belgrade, will therefore remain an exception. On a positive note, there are orders from the private sector and from German automotive manufacturers and suppliers who produce here.

The **Czech transportation infrastructures** sector is experiencing a period of increased competition. The high interest rate level could lead to declines in building construction, especially residential construction. Investments in industrial and logistics complexes have not yet shown any significant changes. Due to the comfortable order backlog in the Czech Republic, STRABAG expects this market to make a solid contribution to the Group's output volume in 2023.

In **Slovakia**, the number of projects tendered by the public sector in transportation infrastructures seems to be increasing again, while output in the building construction sector is expected to remain stable despite the challenging business environment. Early elections this autumn could have a positive effect on construction momentum. Growth is currently being curbed by the sharp rise in labour costs, which is further boosting the already high level of inflation.

In the markets of **South-East Europe**, an increasing number of new projects are also expected to come onto the market in 2023. In Romania, STRABAG is currently participating in tenders for projects in transportation infrastructures; in the country's building construction sector, public contracts for hospitals and military facilities are on the rise. In Croatia, infrastructure projects financed with EU funds offer opportunities for STRABAG, as does the tourism sector. Private investors here are concentrating on the construction of logistics centres and housing projects. In Slovenia, there are opportunities in the infrastructure sector, while industrial construction in particular is booming in building construction. In Serbia, North Macedonia and Montenegro, strong pressure can be felt from companies from China, the USA, Turkey and Azerbaijan – a challenge that affects the entire region.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog in € mln.	As % of total Group order backlog
Croatia	Railway line Leskovac–Karlovac	254	1.1
Czech Republic	D1 Řikovice–Přerov	185	0.8
Romania	Mihail Kogălniceanu Airport	145	0.6
Czech Republic	Pankrác–Olbrachtova underground line	135	0.6
Hungary	Railway line Békéscsaba–Lökösháza	126	0.5

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: FLUCTUATIONS IN THE PROJECT BUSINESS

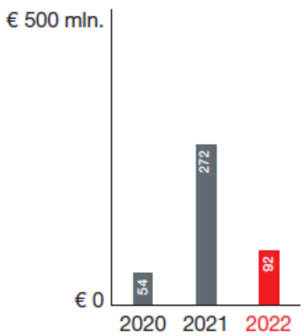
The International + Special Divisions segment includes the field of tunnelling as well as the concessions business, which, especially in transportation infrastructures, operates worldwide. In the markets of the United Kingdom and Chile, STRABAG offers tunnelling as well as a variety of country-specific services. Regardless of the location, all construction materials activities – with the exception of asphalt – are also part of this 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.	2022	2021	▲ 2021-2022 %	▲ 2021-2022 absolute
Output volume	3,445.12	3,161.46	9	284
Revenue	3,479.97	3,039.14	15	441
Order backlog	5,556.81	5,268.22	5	289
EBIT	91.95	272.08	-66	-180
EBIT margin (% of revenue)	2.6	9.0		
Employees (FTE)	20,405	20,610	-1	-205

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2022	2021	▲ 2021-2022 %	▲ 2021-2022 absolute
Germany	924	906	2	18
Americas	556	479	16	77
United Kingdom	530	364	46	166
Austria	386	435	-11	-49
Middle East	250	198	26	52
Czech Republic	185	159	16	26
Asia	132	137	-4	-5
Hungary	127	120	6	7
Poland	90	107	-16	-17
Romania	56	40	40	16
Slovakia	52	42	24	10
Africa	38	28	36	10
Benelux	33	13	154	20
Sweden	29	18	61	11
Croatia	18	13	38	5
Slovenia	15	10	50	5
Italy	11	52	-79	-41
Bulgaria	10	6	67	4
Rest of Europe	8	9	-11	-1
Denmark	5	18	-72	-13
Serbia	2	3	-33	-1
Switzerland	2	2	0	0
Russia[1]	-14	2	n. a.	-16
Total	**3,445**	**3,161**	**9**	**284**

EBIT

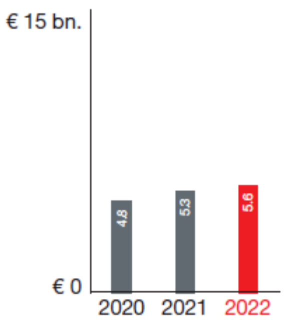


Significant revenue growth

The International + Special Divisions segment generated an output volume of € 3,445.12 million in 2022, 9% higher than in the previous year. This is mainly attributable to the ongoing fulfilment of large orders in the United Kingdom, Chile and the Middle East.

With an increase of 15%, the revenue rose faster than output to € 3,479.97 million. Due to the existence of several large projects, the segment experiences regular fluctuations. In this respect, the diversification of the facility management portfolio and the infrastructure development business, among other things, made a positive contribution to earnings, although it could not compensate for adverse effects in the volatile international project business. Accordingly, after an extraordinarily high increase in the previous year, there was now a reduction in EBIT to € 91.95 million, so that the EBIT margin fell from 9.0% to 2.6%.

ORDER BACKLOG



Italy and Americas driving order backlog

The order backlog increased by 5% to € 5,556.81 million as at 31 December 2022 compared to the same time in the previous year. As already reported in the 2022 half-year report, Italy contributed mainly to the growth of the order situation thanks to contracts won in transportation infrastructures and in road maintenance. In addition, the construction of 140 wind farm foundations in Chile opened up a new business segment. Meanwhile, a significant decline was registered in the Middle East.

Employees numbers down slightly

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, the number of employees decreased by 1% to 20,405 FTEs. This decline is partly related to the foreseeable

1 STRABAG is in the process of winding up its activities in Russia.

completion of the tunnelling works for the Alto Maipo hydropower plant megaproject in Chile. Alternatively, in the UK, employee levels increased due to the execution of the HS2 high-speed railway line and the Woodsmith Project.

Outlook: output growth expected in a challenging environment

For the full year 2023, the International + Special Divisions segment is expected to generate a higher output volume than in the previous year. This forecast is well supported by the high order backlog.

Due to the size of the projects, the **tunnelling business** is subject to constant volatility. Growing demand for tunnelling works can be seen globally, especially in metropolitan regions. Mining companies are also increasingly opting for tunnel-based development. While the number of construction companies specialising in large-scale tunnelling projects seems to be decreasing worldwide, the intensity of competition in the German-speaking region remains high. In view of the significantly greater project size, consideration of the risk profile of these projects is growing in importance.

In the **international business**, especially the markets in the United Kingdom and Canada are being followed with continued interest. Demand for construction services should persist in the Middle East as long as oil prices stay at a higher level. Chile holds opportunities in the mining business and for construction services for renewable energy, while the focus in Central America and Colombia will be on infrastructure projects. In Africa, STRABAG will examine projects on a selective basis, although the local conditions remain very challenging.

The **property and facility services business**, which is currently undergoing a process of digitalisation and efficiency enhancement, can look to the future with optimism. As a not insignificant share of carbon emissions can be attributed to building operations, this business segment is becoming increasingly important within the construction industry. STRABAG PFS aims to grow in Germany, Austria and Poland, both organically and through acquisitions.

In **infrastructure development**, STRABAG offers infrastructure services in all European countries. The strongest demand for these services can currently be found in Germany, though overall the number of projects put out to tender remains modest. Central and South America could prove interesting for road concessions in the future.

Real estate development is adversely affected by persistently high construction prices and the turnaround in interest rates. Land acquisitions, material and subcontractor services as well as disruptions in the supply chains require careful management. STRABAG Real Estate's very prudent market development in the past could prove to be a strength in the current environment. Our real estate subsidiary is currently benefiting from the robust development in residential construction. Office properties, on the other hand, could show weaker development overall due to the economic development and the trend towards working from home. As a result of its strong development and implementation competence with regard to sophisticated sustainability and new work concepts, STRABAG Real Estate expects competitive advantages in this asset class.

The **building materials business** is also showing a satisfactory trend overall. This business contributes a 7% share to the Group's total output volume. This segment is also proving to be a strategic advantage for the Group, especially in times of strained supply chains. In the current situation, our dense network of building materials operations and materials-based services remains an important basis for self-supply within the Group and thus for greater competitiveness.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog € mln.	As % of total Group order backlog
United Kingdom	HS2 high-speed rail line	1.419	6.0
United Kingdom	Woodsmith Project	723	3.1
Canada	Scarborough Subway Extension Line 2	346	1.5
Chile	Candelaria Norte 2022	156	0.7
Chile	El Teniente main access tunnel	115	0.5

SEGMENT OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

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

€ mln.	2022	2021	▲ 2021-2022%	▲ 2021 -2022 absolute
Output volume	138.12	134.62	3	4
Revenue	17.64	16.85	5	1
Order backlog	19.42	7.53	158	12
EBIT	1.00	0.69	45	0
EBIT margin (% of revenue)	5.7	4.1		
Employees (FTE)	7,017	6,881	2	136

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 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/System 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 categories:

- 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 corporate-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 RISK: 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's treasury department. Detailed information can be found in the Notes under item 35 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 combating these problems. The rules for proper business behaviour are conveyed by the **STRABAG Ethics Business Compliance System.** These have corporate-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 appeal 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 Group 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, availability, 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 RISK: 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 OCCUPATIONAL SAFETY AND HEALTH PROTECTION

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 corporate-wide work safety standards are followed. In 2020 and 2021, 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 A COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In accordance with its vision and values, it is the Group's aim **to realise construction projects on schedule, of the best 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 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

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 corporate-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

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 organisational 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. Furthermore, 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 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 2022 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 is 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 vehicles 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 **Innovation & 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 425 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 corporate-wide 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 975 people at 135 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).

The new **ELMAR research project** is one of the ways in which TPA is breathing life into our Work On Progress mission. The aim of the project is to transform the Eigenrieden quarry operated by

Mineral Baustoff GmbH into STRABAG's first climate-neutral quarry using digital planning, new machine technology and alternative forms of energy.

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 in-house, 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.

In 2022, EFKON successfully completed the development of an intelligent luminance meter for use in road tunnels. The device is used to measure the brightness at tunnel entrances and adapt the light intensity of tunnel lighting to the brightness perception of motorists through intelligent control. This new development expands our product range for increasing road safety.

The STRABAG Group spent about € 16 million on research, development and innovation activities during the 2022 financial year (2021: approx. € 16 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 7.

2. Oleg Deripaska was added to the EU sanctions list on 8 April 2022 and is subject to Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (EU Sanctions Regulation). As a consequence, all funds and economic resources belonging to, owned, held or controlled by Oleg Deripaska or by natural or legal persons associated with him are to be frozen ("asset freeze"). This asset freeze must also be ensured with regard to the STRABAG SE shares held by MKAO "Rasperia Trading Limited", which is controlled by Oleg Deripaska. MKAO "Rasperia Trading Limited" has therefore since 8 April 2022 been excluded from exercising control (voting rights, right to information, right to participate, right to propose resolutions) and asset rights (e.g. dividend distribution) in connection with the shares of STRABAG SE until the sanctions cease to apply.

3. The syndicate agreement concluded in 2007 between 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 Versicherungen AG, UNIQA Erwerb von

Beteiligungen Gesellschaft m.b.H.) and MKAO "Rasperia Trading Limited" (controlled by Oleg Deripaska) was terminated by Haselsteiner Familien-Privatstiftung on 15 March 2022 and ended on 31 December 2022. As a result of the sanctions against Oleg Deripaska, any rights of MKAO "Rasperia Trading Limited" under the syndicate agreement are frozen in accordance with these sanction provisions. The syndicate agreement from 2007 had governed (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 had the right to nominate two members of the Supervisory Board. The syndicate agreement also required the syndicate partners to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. The syndicate agreement further foresaw restrictions on the transfer of shares in the form of mutual rights of first refusal as well as a minimum shareholding on the part of the syndicate partners.

Despite termination of the syndicate established in 2007, the right of first refusal of the Haselsteiner Group, the Raiffeisen Group, the UNIQA Group and MKAO "Rasperia Trading Limited" remain valid as long as each holds at least 8.5% of the share capital of STRABAG SE. Since – as explained – the EU Sanctions Regulation applies to MKAO "Rasperia Trading Limited", it is not entitled to sell the shares it holds in STRABAG SE or to acquire the shares of the other parties and therefore, in the long term and in accordance with the EU Sanctions Regulation, the right of first refusal with respect to MKAO "Rasperia Trading Limited" does not apply.

4. Haselsteiner Familien-Privatstiftung, Dr Hans Peter Haselsteiner and Klemens Peter Haselsteiner, RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung and Group company, and UNIQA Insurance Group AG and Group companies on 18 August 2022 concluded a new syndicate agreement that requires them to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. This syndicate agreement also governs rights of first refusal and recourse, a minimum shareholding obligation, and nomination rights regarding the Supervisory Board. According to the agreement, the Haselsteiner Group has the right to nominate two members of the Supervisory Board, while the Raiffeisen Group and UNIQA Group each have the right to nominate one member of the Supervisory Board. With the new syndicate agreement, the parties continue their controlling interest in STRABAG SE. As at 31 December 2022, the company held no own shares. By 31 December 2022, however 1,694,816 STRABAG shares had been tendered for sale in the mandatory bid, which is why these shares are already to be presented as own shares in the annual financial statements (UGB). On 18 August 2022, Haselsteiner Familien Privatstiftung, RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H. and UNIQA Österreich Versicherungen AG announced their intention to make a mandatory (anticipatory) public offer pursuant to Sec 22 et seq of the Austrian Takeover Act (ÜbG) for the acquisition of all outstanding no-par value bearer shares of STRABAG SE (ISIN AT000000STR1) not held by themselves nor by MKAO "Rasperia Trading Limited", with an offer price of € 38.94 per STRABAG share. In connection with the announcement of the mandatory offer, STRABAG SE entered into a share purchase agreement with the bidders on 18 August 2022, pursuant to which STRABAG SE agreed to acquire, as own shares, up to 10% of the share capital tendered into the mandatory offer at the same price as the offer price. Within the framework of this share purchase agreement, STRABAG SE, on 9 February 2023 acquired 2,779,006 shares (2.7% of the share capital) on the basis of authorisation granted by the Annual General Meeting of 24 June 2022 pursuant to Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (see item 10). The rights from these 2,779,006 shares are therefore now suspended in accordance with Sec 65 Para 5 AktG .

5. 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 2022:

   - Haselsteiner Group ………………….. 28.3%
   - Raiffeisen Group…………………….. 14.2%
   - UNIQA Group……………………….. 15.3%
   - MKAO „Rasperia Trading Limited"…. 27.8%

6. As at 31 December 2022, the remaining shares of STRABAG SE, amounting to around 14.4% of the share capital, were in free float. The company held no own shares at the reporting date. By 31 December 2022, however 1,694,816 STRABAG shares had been tendered for sale in the mandatory bid, which is why these shares are already to be presented as own shares in

the annual financial statements (UGB). As stated in item 4, however, the company acquired 2,779,006 of its own shares on 9 February 2023.

7. Three shares of STRABAG SE are – as mentioned in item 1 – registered shares. Registered shares No. 1 and No. 2 allow their bearers to nominate a member each to the Supervisory Board of STRABAG SE; disposition of these registered shares, including their full or partial sale and pledging, requires the consent of the Supervisory Board. Registered share No. 1 is held by Klemens Peter Haselsteiner. Registered share No. 2 is held by MKAO “Rasperia Trading Limited”. Since – as explained in item 2 – the EU Sanctions Regulation applies to MKAO “Rasperia Trading Limited”, its right from registered share No. 2 to nominate a member of the Supervisory Board is currently suspended.

8. No employee stock option programmes exist.

9. No further regulations exist beyond items 4 and 7 regarding the nomination and recall of members of the Management and Supervisory Boards or regarding changes to the Articles of Association which are not a direct result from relevant law and legislation.

10. The Management Board of STRABAG SE was authorised by resolution of the 18th Annual General Meeting on 24 June 2022 (i) to acquire own shares, in accordance with Sec 65 Para 1 No 8 as well as Para 1a and 1b of the Austrian Stock Corporation Act (AktG), on the stock exchange, by public tender or in any other manner to the extent of up to 10 % of the share capital, excluding any proportionate selling rights that may accompany such an acquisition (reverse exclusion of subscription rights), (ii) to reduce the share capital by withdrawing own shares acquired without a further resolution by the General Meeting, and (iii) to sell or assign own shares, in accordance with Sec 65b Para 1 AktG, in a manner other than on the stock market or through a public tender, even to the exclusion of the shareholders’ buyback rights (subscription rights).

11. As already stated in item 4, the company has made partial use of the authorisation to acquire own shares granted by the Annual General Meeting on 24 June 2022 with the acquisition of 2,779,006 own shares on 9 February 2023.

12. 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 control in STRABAG SE following a takeover offer.

13. 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 38 of the Notes.

Outlook

The Management Board expects to be able to maintain the output volume at a high level in 2023 despite the challenging environment; specifically, the forecast is for € 17.9 billion. All three operating segments should make a solid contribution to this amount.

An EBIT margin (EBIT/revenue) of at least 4% is expected for the 2023 financial year. This value is in line with our goal to generate an EBIT margin of at least 4% on a sustainable basis from 2022 onwards.

Net investments (cash flow from investing activities) in 2023 will likely not exceed € 600 million.

Events after the reporting period

The material events after the reporting period are described in item 41 of the Notes.

Villach, 6 April 2023

The Management Board

Klemens Haselsteiner, BBA, BF m.p.
CEO
Responsibility Central Staff Divisions and Central Divisions BMTI, CML, TPA, STRABAG Innovation & Digitalisation as well as Zentrale Technik, Winding up Russia

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

Dipl.-Ing. (FH) Jörg Rösler m.p.
Responsibility Segment North + West

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

Dipl.-Ing. (FH) Alfred Watzl m.p.
Responsibility Segment South + East

AUDITOR’S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have audited the financial statements of

STRABAG SE,

Villach, Austria,

which comprise the Balance Sheet as at 31 December 2022, 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 2022 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 notes.

Risk for the Financial Statements

Investments (TEUR 2,542,740) in and receivables (TEUR 519,616) from affiliated companies represent a major portion of the assets (TEUR 3,216,551) reported in the annual financial statements of STRABAG SE as of 31 December 2022.

Investments in and receivables from affiliated companies are tested for impairment annually and whenever there is an indication that these 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. If the carrying amount exceeds the proportionate share in equity, an impairment test of the investment based on discounted cashflows, which significantly depends on future revenue, margin projections and discount rates, is performed. 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 cover age of the carrying amount by the proportionate share in equity) for the investments in affiliated companies. In addition, we have discussed with the Management Board whether there were any other indications of a significant decrease in the fair value of investments in and receivables from affiliated companies.

- In cases where the analysis revealed indications of a significantly reduced fair value, following extended considerations have been made:

  - We have 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 have assessed the appropriateness of the assumptions used to determine the cost of capital by comparing them with market and industry-specific values and 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 have assessed the accuracy of the planning figures by comparing the planned figures made in prior periods with the actual values for that period.

- If receivables from affiliated companies have not been covered by the valuation of investments in affiliated companies, the available multi-year plan has been used 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 have 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 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

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 14. June 2022 and were appointed by the supervisory board on 24. June 2022 to audit the financial statements of Company for the financial year ending on 31 December 2022.

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, 6 April 2023

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronically signed:

Mag. Gerold Stelzmüller

Wirtschaftsprüfer

(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

This document was signed with a qualified electronic signature and only this electronic version is valid. The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.